



**ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION
DIVISION OF BUSINESS AND FINANCE**

SECTION A. CONTRACT AMENDMENT

AMENDMENT NUMBER:	CONTRACT NUMBER: AHCCCS # YH6-0014 DES # E 2007006	EFFECTIVE DATE OF AMENDMENT: October 1, 2004	PROGRAM: ALTCS/DDD
CONTRACTOR'S NAME AND ADDRESS: David A. Berns, Director DES/DDD Site Code 791-A 1789 W. Jefferson Street Phoenix, AZ 85007			
PURPOSE OF AMENDMENT: To extend the ALTCS/DDD contract for the period 10/1/04- 12/31/04 and incorporate changes to contract requirements.			

THE CONTRACT REFERENCED ABOVE IS AMENDED AS FOLLOWS:

A. EXTENSION OF CONTRACT: In accordance with Section E, Paragraph 21, Term of Contract and Option to Renew, this contract is extended for the period 10/1/04 - 12/31/04. DES/DDD's response affirming or declining the extension must be received by AHCCCSA 30 days prior to contract expiration date.

B. CONTRACT RESTATEMENT: This amendment consists of a complete restatement of your contract.

NOTE: Please sign, date and return both originals to:

*Michael Veit
AHCCCS Contracts and Purchasing
701 E. Jefferson, MD 5700
Phoenix, AZ 85034*

EXCEPT AS PROVIDED FOR HEREIN, ALL TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT NOT HERETOFORE CHANGED AND/OR AMENDED REMAIN UNCHANGED AND IN FULL EFFECT. IN WITNESS WHEREOF THE PARTIES HERETO SIGN THEIR NAMES IN AGREEMENT.	
CONTRACTOR: DEPARTMENT OF ECONOMIC SECURITY/DIVISION OF DEVELOPMENTAL DISABILITIES SIGNATURE OF AUTHORIZED REPRESENTATIVE:	ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM SIGNATURE OF AHCCCSA CONTRACTING OFFICER:
TYPED NAME: DAVID A. BERNS	TYPED NAME: MICHAEL VEIT
TITLE: DIRECTOR	TITLE: CONTRACTS & PURCHASING ADMINISTRATOR
DATE:	DATE:

TABLE OF CONTENTS

SECTION A. CONTRACT AMENDMENT1

SECTION C - DEFINITIONS.....6

SECTION D - PROGRAM REQUIREMENTS13

1. PURPOSE AND APPLICABILITY:13

2. INTRODUCTION AND BACKGROUND.....13

3. ENROLLMENT AND DISENROLLMENT14

4. RESERVED.....14

5. RESERVED.....14

6. RESERVED.....14

7. RESERVED.....14

8. TRANSITION ACTIVITIES14

9. AHCCCS MEDICAL POLICY MANUAL15

10. COVERED SERVICES15

11. THERAPEUTIC LEAVE AND BED HOLD.....25

12. BEHAVIORAL HEALTH SERVICES25

13. CHILDREN’S REHABILITATIVE SERVICES.....27

14. OUT OF SERVICE AREA AND OUT-OF-STATE PLACEMENT28

15. ALTCS TRANSITIONAL PROGRAM28

16. CASE MANAGEMENT28

17. MEMBER HANDBOOK AND MEMBER COMMUNICATIONS30

18. REPORTING CHANGES IN MEMBERS’ CIRCUMSTANCES.....32

19. PRE-ADMISSION SCREENING AND RESIDENT REVIEW (PASRR).....32

20. QUALITY MANAGEMENT / UTILIZATION MANAGEMENT32

21. RESERVED36

22. GRIEVANCE SYSTEM36

23. QUARTERLY GRIEVANCE SYSTEM REPORT37

24. RESERVED37

25. STAFF REQUIREMENTS AND SUPPORT SERVICES.....37

26. WRITTEN POLICIES, PROCEDURES AND JOB DESCRIPTIONS39

27. MEDICAL DIRECTOR39

28. NETWORK DEVELOPMENT.....40

29. NETWORK MANAGEMENT.....42

30. PROVIDER MANUAL.....42

31. PROVIDER REGISTRATION.....43

32. NETWORK SUMMARY.....43

33. SUBCONTRACTS43

34. ADVANCE DIRECTIVES46

35. SPECIALTY CONTRACTS47

36. HOSPITAL SUBCONTRACTING AND REIMBURSEMENT.....47

37. PRIMARY CARE PROVIDER STANDARDS48

38. APPOINTMENT STANDARDS.....49

39. PHYSICIAN INCENTIVES50

40. REFERRAL PROCEDURES AND STANDARDS.....50

41. MAINSTREAMING OF ALTCS MEMBERS51

42. FEDERALLY QUALIFIED HEALTH CENTERS (FQHC) AND RURAL HEALTH CLINICS (RHCS)52

43. MANAGEMENT SERVICES SUBCONTRACTOR FINANCIAL AUDITS.....52

44. CLAIMS PAYMENT/HEALTH INFORMATION SYSTEM.....52

45. RESERVED54

46. RESERVED54

47. RESERVED54

48. ACCUMULATED FUND DEFICIT.....54

49. MANAGEMENT SERVICES SUBCONTRACTORS54

50.	ADVANCES, DISTRIBUTIONS, LOANS AND INVESTMENTS	54
51.	RESERVED	54
52.	FINANCIAL PERFORMANCE GUIDELINES	54
53.	RESERVED	55
54.	RESERVED	55
55.	RELATED PARTY TRANSACTIONS	55
56.	COMPENSATION	55
57.	ANNUAL SUBMISSION OF BUDGET	57
58.	REINSURANCE	58
59.	CAPITATION ADJUSTMENTS	60
60.	MEMBER SHARE OF COST.....	60
61.	COPAYMENTS.....	61
62.	PEDIATRIC IMMUNIZATION AND THE VACCINE FOR CHILDREN PROGRAM	61
63.	COORDINATION OF BENEFITS/THIRD PARTY LIABILITY	61
64.	MEDICARE SERVICES AND COST SHARING	64
65.	RESERVED	64
66.	MEMBER SURVEYS	64
67.	PATIENT TRUST ACCOUNT MONITORING.....	64
68.	ADA COMPLIANCE.....	64
69.	CULTURAL COMPETENCY	64
70.	CORPORATE COMPLIANCE	65
71.	RECORDS RETENTION.....	65
72.	DATA MANAGEMENT.....	66
73.	DATA EXCHANGE REQUIREMENT	66
74.	ENCOUNTER DATA REPORTING	67
75.	REPORTING REQUIREMENTS	67
76.	REQUESTS FOR INFORMATION.....	68
77.	DISSEMINATION OF INFORMATION	68
78.	RESERVED	68
79.	OPERATIONAL AND FINANCIAL REVIEWS	68
80.	SANCTIONS.....	69
81.	MEDICAID SCHOOL BASED CLAIMING, SBC)	70
82.	PENDING LEGISLATION AND PROGRAM CHANGES	71
83.	BUSINESS CONTINUITY AND RECOVERY PLAN.....	71
84.	MEDICAL RECORDS	72
85.	ENROLLMENT AND CAPITATION TRANSACTION UPDATES	72
86.	SPECIAL HEALTH CARE NEEDS	73
87.	TECHNOLOGICAL ADVANCEMENT	73
88.	RESERVED	73
	SECTION E - CONTRACT CLAUSES	74
1.	APPLICABLE LAW	74
2.	AUTHORITY	74
3.	ORDER OF PRECEDENCE.....	74
4.	CONTRACT INTERPRETATION AND AMENDMENT	74
5.	SEVERABILITY	74
6.	RELATIONSHIP OF PARTIES	74
7.	ASSIGNMENT AND DELEGATION.....	74
8.	COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS	74
9.	THIRD PARTY ANTITRUST VIOLATIONS	75
10.	RIGHT TO ASSURANCE.....	75
11.	TERMINATION FOR CONFLICT OF INTEREST.....	75
12.	GRATUITIES.....	75
13.	SUSPENSION OR DEBARMENT	75
14.	TERMINATION FOR CONVENIENCE	75

15.	TERMINATION FOR DEFAULT	76
16.	TERMINATION - AVAILABILITY OF FUNDS	76
17.	RIGHT OF OFFSET	76
18.	NON-EXCLUSIVE REMEDIES.....	76
19.	NON-DISCRIMINATION	76
20.	EFFECTIVE DATE	76
21.	TERM OF CONTRACT AND OPTION TO RENEW	77
22.	DISPUTES.....	77
23.	RIGHT TO INSPECT PLANT OR PLACE OF BUSINESS	77
24.	INCORPORATION BY REFERENCE	77
25.	COVENANT AGAINST CONTINGENT FEES	77
26.	CHANGES	77
27.	TYPE OF CONTRACT.....	77
28.	AMERICANS WITH DISABILITIES ACT.....	77
29.	WARRANTY OF SERVICES	78
30.	NO GUARANTEED QUANTITIES.....	78
31.	CONFLICT OF INTEREST.....	78
32.	DISCLOSURE OF CONFIDENTIAL INFORMATION	78
33.	COOPERATION WITH OTHER CONTRACTORS	78
34.	OWNERSHIP OF INFORMATION AND DATA.....	78
35.	AHCCCSA RIGHT TO OPERATE CONTRACTOR.....	79
36.	AUDITS AND INSPECTIONS	79
37.	LOBBYING.....	79
38.	CHOICE OF FORUM	79
39.	DATA CERTIFICATION	80
40.	TERMINATION	80
41.	OFF-SHORE PERFORMANCE OF WORK PROHIBITED	80
	SECTION F - LIST OF ATTACHMENTS.....	81
	ATTACHMENT A: RESERVED	82
	ATTACHMENT B(1): ENROLLEE GRIEVANCE SYSTEM.....	83
	ATTACHMENT B(2): PROVIDER CLAIMS DISPUTE SYSTEM STANDARDS AND POLICY	88
	ATTACHMENT C: ENCOUNTER SUBMISSION STANDARDS AND SANCTIONS	90
	ATTACHMENT D: CHART OF DELIVERABLES.....	93
	ATTACHMENT E: TARGETED CASE MANAGEMENT	98

SECTION B - CAPITATION RATES

DES/DDD shall provide services as described in this contract. In consideration for the provision of services, DES/DDD will be paid in as shown below for the term October 1, 2004 through December 31, 2004.

CAPITATION RATES
(Per Member Per Month)

Capitation rates to be provided in a separate amendment.

DES/DDD CAPITATION RATES ARE CURRENTLY EFFECTIVE 10/01/03 – 12/31/04.

Stated rates are payable to DES/DDD until such time new rates are established as described in Section D, Paragraph 56. Compensation and Paragraph 57. Annual Submission of Budget.

SECTION C - DEFINITIONS

A.A.C.	Arizona Administrative Code.
ABUSE (OF MEMBER)	Intentional infliction of physical, emotional or mental harm, caused by negligent acts or omissions, unreasonable confinement, sexual abuse or sexual assault as defined by A.R.S. § 46-451.
ABUSE (BY PROVIDER)	Provider practices that are inconsistent with sound fiscal, business or medical practices, and result in an unnecessary cost to the AHCCCS program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the AHCCCS program as defined by 42 CFR 455.2.
ADHS	Arizona Department of Health Services, the state agency mandated to serve the public health needs of all Arizona residents.
ADMINISTRATION	The Arizona Health Care Cost Containment System Administration, its agents, employees, and designated representatives, as defined in 9 A.A.C. 22, Article 1.
AGENT	Any person who has been delegated the authority to obligate or act on behalf of another person or entity.
AHCCCS	Arizona Health Care Cost Containment System, which is composed of the Administration, contractors, and other arrangements through which health care services are provided to an eligible person, as defined in A.R.S. § 36-2902, et seq.
AHCCCSA	Arizona Health Care Cost Containment System Administration
ALTCS	The Arizona Long Term Care System (ALTCS), a program under AHCCCSA that delivers long term, acute, behavioral health care and case management services to eligible members, as authorized by A.R.S. § 36-2932.
AMBULATORY CARE	Preventive, diagnostic and treatment services provided on an outpatient basis by physicians, nurse practitioners, physician assistants and other health care providers.
AMPM	AHCCCS Medical Policy Manual.
APPEAL RESOLUTION	The written determination by the Contractor concerning an appeal.
AT RISK	Refers to the period of time that a member is enrolled with a contractor during which time the Contractor is responsible to provide AHCCCS covered services under capitation.
A.R.S.	Arizona Revised Statutes.
BBA	The Balanced Budget Act of 1997
BIDDERS' LIBRARY	A repository of manuals, statutes, rules and other reference material referred to in this document, located at the AHCCCS Office in Phoenix. A limited, virtual library is located on the AHCCCS website at www.ahcccs.state.az.us .
CAPITATION	Payment to contractor by AHCCCSA of a fixed monthly payment per person in advance for which the contractor provides a full range of covered services as

authorized under A.R.S. § § 36-2931 and 36-2942.

CATS	Client Assessment and Tracking System, a component of the Administration's data management information system that supports ALTCS and that is designed to provide key information to, and receive key information from DES/DDD.
CLAIM DISPUTE	A dispute involving a payment of a claim, denial of a claim, imposition of a sanction or reinsurance.
CLEAN CLAIM	A claim that may be processed without obtaining additional information from the provider of service or from a third party; but does not include claims under investigation for fraud or abuse or claims under review for medical necessity, as defined by A.R.S. § 36-2904.
CMS (formerly HCFA)	Centers for Medicare and Medicaid Services, an organization within the U.S. Department of Health and Human Services which administers the Medicare, Medicaid and State Children's Health Insurance Program.
CYE	Contract Year Ending; Corresponds to federal fiscal year (Oct. 1 through Sept. 30). For example, Contract Year 01 is 10/1/00 - 9/30/01.
CONVICTED	A judgment of conviction has been entered by a federal, state or local court, regardless of whether an appeal from that judgment is pending.
CO-PAYMENT	A monetary amount specified by the Director that the member pays directly to a contractor or provider at the time covered services are rendered, as defined in 9 A.A.C. 22, Article 1.
COST AVOIDANCE	The process of identifying and utilizing all sources of first or third party benefits before services are rendered by DES/DDD or before payment is made by DES/DDD. (This assumes DES/DDD can avoid costs by not paying until the first or third party has paid what it covers first, or having the first or third party contracted provider render the service so that DES/DDD is only liable for coinsurance and/or deductibles.)
COVERED SERVICES	The health and medical services to be delivered by the DES/DDD as defined in AHCCCS Rules 9-28, Article 2, R9-31, Article 2, Section D of this contract and the AMPM.
CRS	Children's Rehabilitative Services as defined in 9 A.A.C. 22, Article 1.
CRS ELIGIBLE	An individual that has completed the CRS application process, as delineated in the <i>CRS Policy and Procedure Manual</i> , and has met all applicable criteria to be eligible to receive CRS related Services.
CRS RECIPIENT	A CRS recipient is a CRS eligible individual that has completed the initial medical visit at an approved CRS Clinic, which allows the individual to participate in the CRS program.
DAYS	Calendar days unless otherwise specified.
DES/DDD	Department of Economic Security/Division of Developmental Disabilities.
DD	Developmentally disabled.
DIRECTOR	The Director of AHCCCS.
DISCLOSING ENTITY	An AHCCCS provider or a fiscal agent.
DISENROLLMENT	The discontinuance of a member's ability to receive covered services through a

contractor.

DME	Durable medical equipment, is an item or appliance that can withstand repeated use, is designed to serve a medical purpose, and are not generally useful to a person in the absence of a medical condition, illness or injury as defined in 9 A.A.C. 22, Article 1.
DUAL ELIGIBLE	A member who is eligible for both Medicare and Medicaid.
EMERGENCY MEDICAL CONDITION	A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in: a) placing the patient's (or, with respect to a pregnant woman, the health of the woman or her unborn child) health in serious jeopardy; b) serious impairment to bodily functions; or c) serious dysfunction of any bodily organ or part. (42 USC 13960-2)
EMERGENCY MEDICAL SERVICE	Covered inpatient and outpatient services provided after the sudden onset of an emergency medical condition as defined above. These services must be furnished by a qualified provider, and must be necessary to evaluate or stabilize the emergency medical condition.
ENCOUNTER	A record of a health care related service rendered by a provider or providers registered with AHCCCSA to a member who is enrolled with a contractor on the date of service.
ENROLLEE	A Medicaid recipient who is currently enrolled with a contractor.
ENROLLMENT	The process by which an eligible person becomes a member of a contractor's plan as defined by 9 A.A.C. 28, Article 4.
EPSDT	Early and Periodic Screening, Diagnosis and Treatment services for eligible persons or members less than 21 years of age as defined in 9 A.A.C. 22, Article 2.
FFS	Fee-For-Service, a method of payment to registered providers on an amount-per-service basis.
FFP	Federal financial participation (FFP) refers to the contribution that the federal government makes to the Title XIX and Title XXI programs portion of AHCCCS as defined in 42 CFR 400.203.
FQHC	Federally Qualified Health Center, an entity which meets the requirements and receives a grant and funding pursuant to Section 330 of the Public Health Service Act. An FQHC includes an outpatient health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act (PL 93-638) or an urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act.
FIRST PARTY LIABILITY	The resources available from any insurance or other coverage obtained directly or indirectly by a member or eligible person that provides benefits directly to the member or eligible person and is liable to pay all or part of the expenses for medical services incurred by the Administration, contractor, or member.
FFY	Federal Fiscal Year, October 1 through September 30.
FRAUD	An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to

	himself or some other person. It includes any act that constitutes fraud under applicable state or federal law, as defined in 42 CFR 455.2.
FREEDOM TO WORK (TICKET TO WORK)	A Federal program that expands Title XIX eligibility to individuals, 16 through 64 years old, who are disabled and whose earned income, after allowable deductions, is at or below 250% of the Federal Poverty Level.
HCBS	Home and community-based services, as defined in A.R.S. § § 36-2931 and 36-2939.
HEALTH MAINTENANCE ORGANIZATION (HMO)	Various forms of plan organization, including staff and group models, that meet the HMO licensing requirements of the federal and/or state government and offer a full array of health care services to members on a capitated basis.
HOME	A residential dwelling that is owned, rented, leased, or occupied at no cost to the member, including a house, a mobile home, an apartment or other similar shelter. A home is not a facility, a setting or an institution, or a portion and any of these, licensed or certified by a regulatory agency of the state as a: health care institution defined in ARS § 36-401; residential care institution defined in ARS § 36-401; community residential facility defined in ARS § 36-551; or behavioral health service facility defined in A.A.C. 20, Article 1.
IBNR	Incurred But Not Reported liabilities, for services rendered for which claims have not been received.
IHS	Indian Health Service, authorized as a federal agency pursuant to 25 U.S.C. 1661.
LIEN	A legal claim filed with the County Recorder's office in which a member resides and in the county an injury was sustained for the purpose of ensuring that AHCCCS receives reimbursement for medical services paid. The lien is attached to any settlement the member may receive as a result of an injury.
MANAGED CARE	Systems that integrate the financing and delivery of health care services to covered individuals by means of arrangements with selected providers to furnish comprehensive services to members; establish explicit criteria for the selection of health care providers; have financial incentives for members to use providers and procedures associated with the plan; and have formal programs for quality and utilization management and the coordination of care.
MANAGEMENT SERVICES SUBCONTRACTOR	A person or organization who agrees to perform any administrative service for DES/DDD related to securing or fulfilling DES/DDD's obligations to AHCCCSA under the terms of the contract.
MATERIAL OMISSION	A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
MEDICAID	A federal/state program authorized by Title XIX of the Social Security Act, as amended.
MEDICARE	A federal program authorized by Title XVIII of the Social Security Act, as amended.
MEDICARE HMO	A Health Maintenance Organization or Comprehensive Medical Plan, which provides Medicare services to Medicare beneficiaries pursuant to a Medicare risk contract with CMS under §1876 of the Social Security Act.
MEMBER	An eligible person who is enrolled in the system, as defined in A.R.S. § 36-2931.

NON-CONTRACTING PROVIDER

A person who provides services as prescribed in A.R.S. § 36-2939 and who does not have a subcontract with an AHCCCS contractor.

PAS

Pre-admission screening; is a process of determining an individual's risk of institutionalization at a NF or ICF-MR level of care as specified in 9 A.A.C. 28, Article 1.

PAY AND CHASE

Recovery method used by DES/DDD to collect from legally liable first or third parties after DES/DDD pays the member's medical bills. The service may be provided by a contracted or noncontracted provider. Regardless of who provides the service, pay and chase assumes that DES/DDD will pay the provider, then seek reimbursement from the first or third party.

PCP

Primary Care Provider/ Practitioner, an individual who meets the requirements of A.R.S. § 36-2901, and who is responsible for the management of the member's or eligible person's health care. A PCP may be a physician defined as a person licensed as an allopathic or osteopathic physician according to A.R.S. Title 32, Chapter 13 or Chapter 17 or a practitioner defined as a physician assistant licensed under A.R.S. Title 32, Chapter 25, or a certified nurse practitioner licensed under A.R.S. Title 32, Chapter 15.

PIP

Performance Improvement Projects, formerly referred to as Quality Improvement Projects (QIPs)

PMMIS

AHCCCSA's Pre-paid Medical Management Information System.

POST STABILIZATION SERVICES

Medically necessary services, related to an emergency medical condition provided after the member's condition is sufficiently stabilized in order to maintain, improve or resolve the member's condition so that the member could alternatively be safely discharged or transferred to another location.

POTENTIAL ENROLLEE

A Medicaid eligible recipient who is not enrolled with a contractor.

PROGRAM CONTRACTOR

A person, organization or entity agreeing through a direct contracting relationship with AHCCCSA to provide the goods and services specified by this contract in conformance with stated contract requirements, AHCCCS statute and rules and federal law and regulations, as defined in A.R.S. § 36-2931.



QMB

Qualified Medicare Beneficiary, a person, eligible under A.R.S. §36-2971(6), who is entitled to Medicare Part A insurance and meets certain income and residency requirements of the Qualified Medicare Beneficiary program. A QMB, who is also eligible for Medicaid, is commonly referred to as a QMB dual eligible.

REINSURANCE

A risk-sharing program provided by the Administration to contractors for the reimbursement of certain contract service costs incurred by a member or eligible person beyond a certain monetary threshold, as defined in 9 A.A.C. 22, Article 1.

RELATED PARTY

A party that has, or may have, the ability to control or significantly influence DES/DDD, or a party that is, or may be, controlled or significantly influenced by DES/DDD. "Related parties" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.

RFP	The Request For Proposals, a document prepared by AHCCCSA that describes the services required and that instructs prospective offerors how to prepare a response (proposal), as defined in 9 A.A.C. 22, Article 1.
RBHA	Regional Behavioral Health Authority, an organization under contract with ADHS to administer covered behavioral health services in a geographically specific area of the state. Tribal governments, through an agreement with ADHS, may operate a tribal regional behavioral health authority (TRBHA) for the provision of behavioral health services to Native American members living on-reservation.
RBUC	Reported But Unpaid Claims; Liability for services rendered for which claims have been received but not paid.
ROOM AND BOARD (or ROOM)	The amount paid for food and/or shelter. Medicaid funds can be expended for room and board when a person lives in an institutional setting (e.g. NF, ICF/MR). Medicaid funds cannot be expended for room and board when a member resides in an alternative residential setting (e.g. Assisted Living Home, Behavioral Health Level 2) or an apartment like setting that may provide meals.
SFY	State Fiscal Year, July 1 through June 30.
SPECIAL HEALTH CARE NEEDS	Members with special health care needs are those members who have serious and chronic physical, developmental or behavioral conditions, and who also require medically necessary health and related services of a type or amount beyond that required by members generally.
STATE	The State of Arizona.
STATE PLAN	The written agreement between the State of Arizona and CMS which describes how the AHCCCS program meets CMS requirements for participation in the Medicaid program and the Children's Health Insurance program.
SUBCONTRACT	An agreement entered into by a contractor with any of the following: a provider of health care services who agrees to furnish covered services to a member or with any other organization or person who agrees to perform any administrative function or service for a contractor specifically related to fulfilling the contractor's obligations to the Administration under the terms of this contract, as defined in 9 A.A.C. 22, Article 1.
SUBCONTRACTOR	A person, agency or organization that a Program Contractor has contracted or delegated some of its management functions or responsibilities to provide covered services to its members; or a person, agency or organization that a fiscal agent has entered into a contract, agreement, purchase order or lease (or leases of real property) to obtain space, supplies, equipment or services provided under the AHCCCS agreement.
THIRD PARTY	An individual, entity or program that is or may be liable to pay all or part of the medical cost of injury, disease or disability of an AHCCCS applicant, eligible person or member, as defined in 9 A.A.C. 22, Articles 1 and 10.
THIRD PARTY LIABILITY	The resources available from an individual, entity or program that is or may be, by agreement, circumstance or otherwise, liable to pay all or part of the medical expenses incurred by an applicant, eligible person or member, as defined in 9 A.A.C. 22, Articles 1 and 10.
TITLE XIX	Means Medicaid as defined in 42 U.S.C. 7.19.

TITLE XIX MEMBER

Member eligible for Medicaid under Title XIX of the Social Security Act including those eligible under 1931 provisions of the Social Security Act (previously AFDC), Sixth Omnibus Budget Reconciliation Act (SOBRA), Supplemental Security Income (SSI) or SSI-related groups, Medicare Cost Sharing groups, Title XIX Waiver groups, Medicare Cost Sharing groups, Breast and Cervical Cancer Treatment program and Freedom to Work.

TITLE XXI

Title XXI of the Social Security Act known as the State Child Health Plan or KidsCare Plan in AZ. Title XXI provides funds to States to enable them to initiate and expand the provision of child health assistance to uninsured, low-income children.

TITLE XXI MEMBER

Member eligible for acute care services under Title XXI of the Social Security Act, referred to in Federal legislation as the “State Children’s Health Insurance Program” (SCHIP and HIFA). The Arizona version of SCHIP is referred to as “KidsCare.”

VENTILATOR DEPENDENT

For the purposes of ALTCS eligibility, an individual who is medically dependent on a ventilator for life support at least 6 hours per day and has been dependent on ventilator support as an inpatient in a hospital, NF, residing in their own home or a HCBS approved alternative residential setting for 30 consecutive days, as defined in 9 A.A.C. 28, Article 1.

638 TRIBAL FACILITY

A facility that is operated by an Indian tribe and that is authorized to provide services pursuant to Public Law 93-638, as amended.

[END OF DEFINITIONS]

SECTION D - PROGRAM REQUIREMENTS

1. PURPOSE AND APPLICABILITY:

The purpose of the contract between AHCCCS and DES/DDD is to implement the provisions of the State ALTCS program approved under A.R.S. § 36-2932 et seq. relating to the furnishing of covered services and items to each enrolled member. The terms of this contract apply to DES/DDD, any provider participating in DES/DDD's provider network, and any provider that furnishes items and services to an enrolled member upon the request or authorization of DES/DDD.

The provisions of federal and state law, regulation, or rules referred to in this contract apply to DES/DDD and providers to the same extent as other terms apply to DES/DDD and providers as noted above. In the event that a provision of federal or state law, regulation, or rule is repealed or modified during the term of this contract, effective on the date the repeal or modification by its own terms takes effect:

- 1) the provisions of this contract shall be deemed to have been amended to incorporate the repeal or modification; and
- 2) DES/DDD shall comply with the requirements of the contract as amended, unless the AHCCCS Administration and DES/DDD otherwise stipulate in writing.

2. INTRODUCTION AND BACKGROUND

AHCCCSA's Mission and Vision

The AHCCCS Administration's mission and vision is to reach across Arizona to provide comprehensive quality healthcare to those in need while shaping tomorrow's managed health care from today's experience, quality and innovation. The AHCCCS Administration's ALTCS goal is to continuously improve ALTCS' efficiency and effectiveness and support member choice in the delivery of the highest quality long term care to our customers.

The AHCCCS Administration supports a program that promotes the values of:

- ◆ Choice
- ◆ Dignity
- ◆ Independence
- ◆ Individuality
- ◆ Privacy
- ◆ Self-determination

ALTCS Guiding Principles

- ◆ *Member-centered case management*
The member is the primary focus of the ALTCS program. The member, and family/significant others, as appropriate, are active participants in the planning for and the evaluation of services provided to them. Information and education about the ALTCS program, their choices of options and mix of services should be accurate and readily available to them.
- ◆ *Consistency of services*
Services are mutually selected and to assist the member in attaining his/her goals(s) for achieving or maintaining their highest level of self-sufficiency. Service systems are developed to ensure a member can rely on services being provided as agreed to by the member and DES/DDD.
- ◆ *Accessibility of network*
Access to services is maximized when they are developed to meet the needs of the members. Service provider restrictions, limitations or assignment criteria are clearly identified to the member and family/significant others. Service networks are developed with DES/DDD's knowledge that a member's needs are not limited to normal business hours.

- ◆ *Most Integrated Setting*
Members are to be maintained in the most integrated setting that is medically necessary and appropriate. To that end, members are afforded choice in remaining in their own home or choosing an alternative residential setting versus entering into an institution.
- ◆ *Collaboration with stakeholders*
The appropriate mix of services will continue to change. Resources should be aligned with identified member needs and preferences. Efforts are made to include members/families, service providers and related community resources, to assess and review the change of the service spectrum. Changes to the service system are planned, implemented and evaluated for continuous improvement.

3. ENROLLMENT AND DISENROLLMENT

AHCCCSA is solely responsible for enrolling and disenrolling ALTCS members and for providing notification of same to DES/DDD. At the time of approval for ALTCS, active DD clients shall be enrolled with DES/DDD. An ALTCS applicant screened as a potential DD client at the time of application for ALTCS shall be referred to DES/DDD for a DD eligibility determination. DES will be allowed 30 days in which to determine DD eligibility and to notify the ALTCS local office. If a response is not received by ALTCS by the 30th day and the applicant is otherwise eligible for ALTCS, the ALTCS member will be considered an active DD client and shall be enrolled with DES/DDD.

DES/DDD may not request disenrollment because of an adverse change in the enrollee’s health status, or because of the enrollee’s utilization of medical services, diminished mental capacity, or uncooperative or disruptive behavior resulting from his or her special needs.

The effective date of enrollment with DES/DDD shall be retroactive to the effective date of ALTCS DD eligibility except when a member is enrolled with an acute health plan at the time of the ALTCS decision of approval. When this occurs, enrollment with DES/DDD will become effective the date the ALTCS enrollment action is processed by PMMIS (referred to as the “PMMIS update”). The disenrollment from the acute health plan will be effective the day before the DES/DDD effective enrollment date. Disenrollment from DES/DDD takes effect at the end of the month of discontinued ALTCS eligibility or, for ALTCS members who are no longer DD but remain ALTCS eligible, disenrollment from DES/DDD shall be effective no later than the end of the month in which an EPD PAS reassessment is completed.

DES/DDD must continue to provide services until disenrollment from DES/DDD becomes effective. This includes reinstatement of ALTCS eligibility and DES/DDD enrollment pending a decision on the member’s eligibility appeal with AHCCCSA. Services must be continued whether or not DES/DDD has determined that the member no longer meets DES/DDD eligibility requirements.

4. RESERVED

5. RESERVED

6. RESERVED

7. RESERVED

8. TRANSITION ACTIVITIES

DES/DDD shall comply with the *AMPM, the Division of Health Care Management Member Transition for Annual Enrollment Choice and Other Plan Changes and the Division of Health Care Management Change of*

Program Contractors policies standards for member transitions between Program Contractors, to or from an AHCCCSA contractor, upon eligibility termination and upon termination or expiration of a contract. Also, see Paragraph 3, Enrollment and Disenrollment. DES/DDD shall develop and implement policies and procedures, which comply with AHCCCS medical policy to address transition of all ALTCS members. The Enrollment Transition Information form must be completed for all ALTCS members and transmitted to the receiving Program Contractor. Appropriate medical records and case management files of the transitioning member shall also be transmitted. Special consideration should be given to, but not limited to, the following:

1. Home-based members with significant needs such as enteral feedings, oxygen, wound care, and ventilators;
2. Members who are receiving ongoing services such as behavioral health, dialysis, home health, pharmacy, medical supplies, transportation, chemotherapy and/or radiation therapy or who are hospitalized at the time of transition; and
3. Members who have received prior authorization for services such as scheduled surgeries, or out-of-area specialty services.

DES/DDD shall designate an executive staff person to act as the Transition Coordinator. This staff person shall interact closely with the AHCCCS Transition staff and staff from other Program Contractors and Acute Health Plans to ensure a safe and orderly transition.

When relinquishing members, DES/DDD is responsible for timely notification of the receiving contractor regarding pertinent information related to any special needs of transitioning members. DES/DDD, when receiving a transitioning member with special needs, is responsible to coordinate care with the relinquishing contractor so services are not interrupted, and for providing the new member with DES/DDD and service information, emergency numbers and instructions of how to obtain services.

Members who transition from DES/DDD to a Program Contractor are considered newly enrolled with the receiving Program Contractor. Initial contact and on-site visit timeframes as specified in Paragraph 16, Case Management, of this section shall apply.

Other Transition Activities: When an ALTCS member resides in an AHCCCS registered setting with no contract at the time of enrollment, DES/DDD must give at least 7 days advance written notice advising the member that he or she must move to a facility contracting with DES/DDD. The reasons for the transfer must be included in the notice to the member and/or the member's representative. Medical Assistance to members who do not move to a contracting facility is limited to acute care services only. If a member's condition does not permit transfer to another facility, DES/DDD should compensate the registered non-contracting provider's service rates or another reasonable alternative payment method until the member can be transferred.

9. AHCCCS MEDICAL POLICY MANUAL

The AHCCCS Medical Policy Manual (*AMPM*) is hereby incorporated by reference into the contract. DES/DDD is responsible for complying with the requirements set forth within. The *AMPM* with search capability and linkages to AHCCCS rules, Statutes and other resources is availability to all interested parties through the AHCCCS Home Page on the Internet (www.ahcccs.state.az.us). *AMPM* updates will be available through the Internet at the beginning of each month upon adoption by AHCCCSA.

10. COVERED SERVICES

DES/DDD, either directly or through subcontractors, shall, at a minimum, be responsible for providing the following acute, long term, behavioral health and case management services in accordance with the *AHCCCS Medical Policy Manual (AMPM)*, *AHCCCS Behavioral Health Services Guide* and as approved by the AHCCCS Director. DES/DDD must ensure that the services are sufficient in amount, duration, or scope to reasonably be expected to achieve the purpose for which the service is furnished. The Contractor may not arbitrarily deny or

reduce the amount, duration or scope of a required service solely because of diagnosis, type of illness or condition of the enrollee. DES/DDD may place appropriate limits on a service on the basis of criteria such as medical necessity; or for utilization control, provided the services furnished can be reasonably expected to achieve their purpose.

DES/DDD shall ensure that its providers are not restricted or inhibited in any way from communicating freely with members regarding the members' health care, medical needs and treatment options even if a service is not covered by AHCCCS or DES/DDD.

DES/DDD shall ensure that its providers, acting within the lawful scope of their practice are not prohibited or otherwise restricted from advising or advocating, on behalf of a member who is his or her patient, for:

- a. the member's health status, medical care or treatment options, including any alternative treatment that may be self-administered;
- b. any information the member needs in order to decide among all relevant treatment options;
- c. the risks, benefits, and consequences of treatment or non-treatment; and,
- d. the member's right to participate in decisions regarding his or her behavioral health care, including the right to refuse treatment, and to express preferences about future treatment decisions.

DES/DDD must notify AHCCCS if, on the basis of moral or religious grounds, it elects to not provide, reimburse for, or provide coverage of a covered counseling or referral service. Notification must be submitted prior to entering into a contract with AHCCCS or whenever it adopts the policy during the term of the contract. The notification and policy must be consistent with the provisions of 42 CFR 438.10; must be provided to members during their initial appointment; and must be provided to members at least 30 days prior to the effective date of the policy.

DES/DDD must ensure the coordination of services it provides with services the member receives from other entities. DES/DDD must ensure that, in the process of coordinating care, each member's privacy is protected in accordance with the privacy requirements in 45 CFR 160 and 164, subparts A and E to the extent that they are applicable.

Authorization of Services: For the processing of requests for initial and continuing authorizations of services, DES/DDD must have in place, and follow, written policies and procedures. DES/DDD must have mechanisms in place to ensure consistent application of review criteria for authorization decisions. Any decision to deny a service authorization request or to authorize a service in an amount, duration, or scope that is less than requested, must be made by a health care professional who has appropriate clinical expertise in treating the member's condition or disease.

Notice of Adverse Action: DES/DDD must notify the requesting provider, and give the member written notice of any decision by DES/DDD to deny a service authorization request, or to authorize a service in an amount, duration, or scope that is less than requested. The notice must meet the requirements of Sec. 438.404, except that the notice to the provider need not be in writing.

ACUTE CARE SERVICES

Ambulatory Surgery and Anesthesiology: DES/DDD shall provide surgical services for either emergency or scheduled surgeries when provided in an ambulatory or outpatient setting such as a free-standing surgical center or a hospital based outpatient surgical setting.

Audiology: DES/DDD shall provide audiology services to members under age 21 including the identification and evaluation of hearing loss and rehabilitation of the hearing loss through other than medical or surgical means (i.e. hearing aids). Only the identification and evaluation of hearing loss are covered for members 21 years of age and older unless the hearing loss is due to an accident or injury-related emergent condition.

Behavioral Health: DES/DDD shall provide behavioral health services as described in Section D, Paragraph 12, Behavioral Health Services. Services are described in detail in the *AMPM* and the *AHCCCS Behavioral Health Services Guide* available from AHCCCS, Division of Health Care Management or on the AHCCCS website, at: <http://www.ahcccs.state.az.us/Publications/BehavioralHealth/index.asp>.

For DES/DDD members who are in Acute Care Only status, behavioral health services shall include emergency behavioral health services, individual, group and family therapy and counseling, inpatient hospital, laboratory and radiology services for psychotropic medication regulation and diagnosis, emergency and non-emergency transportation, psychotropic medication, and psychotropic adjustment and monitoring.

Children's Rehabilitative Services (CRS): The program for children with CRS-covered conditions is administered by the Arizona Department of Health Services (ADHS) for children who meet CRS eligibility criteria. DES/DDD shall refer children to the CRS program who are potentially eligible for services related to CRS covered conditions, as specified in 9 A.A.C. 28, Article 2 and A.R.S. § 35-Ch. 3, § 2. Eligibility criteria and the referral process are described in the CRS Policy and Procedures Manual available in the Bidder's Library. Also see Section D, Paragraph 13. Children's Rehabilitative Services.

Chiropractic Services: DES/DDD shall provide chiropractic services to members under age 21, when prescribed by the member's PCP and approved by DES/DDD in order to ameliorate the member's medical condition. Medicare approved chiropractic services shall also be covered, subject to limitations specified in CFR 410.22, for Qualified Medicare Beneficiaries if prescribed by the member's PCP and approved by DES/DDD.

Dental: DES/DDD shall ensure that members under age 21 have direct access to dental providers. Members may also be referred by their PCPs. Members over age three and under 21 shall be screened annually by a dentist who will perform an evaluation and report findings and treatment to the member's PCP or DES/DDD. Members under age three shall be screened by their PCP and referred to a dentist when medically necessary. For members who are 21 years of age and older, DES/DDD shall provide emergency dental care, medically necessary dentures and dental services for transplantation services as specified in the *AMPM*. Dental standards may be found in the *AMPM*, Section 310.

Dialysis: DES/DDD shall provide medically necessary dialysis, supplies, diagnostic testing and medication for all members when provided by Medicare-certified hospitals or Medicare-certified end stage renal disease (ESRD) providers. Services may be provided on an outpatient basis, or on an inpatient basis if the hospital admission is not solely to provide chronic dialysis services.

Early and Periodic Screening, Diagnosis and Treatment (EPSDT): DES/DDD shall provide comprehensive health care services through primary prevention, early intervention, diagnosis and medically necessary treatment to correct or ameliorate defects and physical or mental illness discovered by the screenings for members under age 21. DES/DDD shall ensure that these members receive required health screenings, including developmental/behavioral health screenings, in compliance with the AHCCCS periodicity schedule (Exhibit 430-1 in the *AMPM*) and to submit to AHCCCSA, Division of Health Care Management, all EPSDT reports as noted in Attachment D. For members under age 21, chiropractic services shall be covered.

DES/DDD is required to meet specific participation/ utilization rates for EPSDT members; these are described in the *AMPM*.

Emergency services: DES/DDD shall have and/or provide the following at a minimum:

- a. Emergency services facilities adequately staffed by qualified medical professionals to provide pre-hospital, emergency care on a 24-hour-a-day, 7-day-a-week basis, for an emergency medical condition as defined by AHCCCS Rule 9 A.A.C. 22, Article 1. Emergency medical services are covered without prior authorization. DES/DDD is encouraged to contract with emergency service facilities for the provision of emergency services. DES/DDD is encouraged to contract with or employ the services of non-emergency facilities (e.g. urgent care centers) to address member non-emergency care issues occurring after regular office hours or on weekends. DES/DDD shall be responsible for educating members and providers regarding appropriate utilization of emergency room services including behavioral health emergencies. DES/DDD shall monitor emergency services utilization (by both provider and member) and shall have guidelines for implementing corrective action for inappropriate utilization. For utilization review, the test for appropriateness of the request for emergency services shall be whether a prudent layperson, similarly situated, would have requested such services. For purposes of this contract, a “prudent layperson” is a person who possesses an average knowledge of health and medicine.
- b. All medical services necessary to rule out an emergency condition
- c. Emergency transportation
- d. Member access by telephone to a physician, registered nurse, physician assistant or nurse practitioner for advice in emergent or urgent situations, 24 hours per day, 7 days per week.

Per the Balanced Budget Act of 1997, CFR 438.114, 422.113 and 422.133, the following conditions apply with respect to coverage and payment of emergency services:

DES/DDD must cover and pay for emergency services regardless of whether the provider that furnishes the service has a contract with DES/DDD.

DES/DDD may not deny payment for treatment obtained under either of the following circumstances:

1. A member had an emergency medical condition, including cases in which the absence of medical attention would not have resulted in the outcomes identified in the definition of emergency medical condition CFR 438.114.
2. A representative of DES/DDD (an employee or subcontracting provider) instructs the member to seek emergency medical services.

Additionally, DES/DDD may not:

1. Limit what constitutes an emergency medical condition as defined in CFR 438.114, on the basis of lists of diagnoses or symptoms.
2. Refuse to cover emergency services based on the failure of the provider, hospital, or fiscal agent to notify DES/DDD of the member’s screening and treatment within 10 calendar days of presentation for emergency services. This notification stipulation is only related to the provision of emergency services.

A member who has an emergency medical condition may not be held liable for payment of subsequent screening and treatment needed to diagnose the specific condition or stabilize the patient.

The attending emergency physician, or the provider actually treating the member, is responsible for determining when the member is sufficiently stabilized for transfer or discharge, and such determination is binding on the Contractor responsible for coverage and payment. DES/DDD shall comply with BBA guidelines regarding the coordination of post-stabilization care.

Eye Examinations/ Optometry: DES/DDD shall provide all medically necessary emergency eye care, vision examinations, prescriptive lenses, and treatments for conditions of the eye for all members under age 21. For members who are 21 years of age and older, DES/DDD shall provide emergency care for eye conditions which meet the definition of an emergency medical condition, cataract removal, and/or medically necessary vision examinations and prescriptive lenses if required following cataract removal and other eye conditions as specified in the *AMPM*.

Family Planning: DES/DDD shall provide Family Planning services in accordance with the *AMPM*, Section 420, to members who choose to delay or prevent pregnancy. DES/DDD is responsible for annually notifying members of reproductive age (12-55 years) of the availability of Family Planning services. If DES/DDD does not provide family planning services, it must contract for these services through another health care delivery system, which allows members adequate freedom of choice in selecting a provider.

Health Risk Assessment and Screening: DES/DDD shall provide these services for non-hospitalized members 21 years of age and older. These services include, but are not limited to, screening for hypertension, elevated cholesterol, colon cancer, sexually-transmitted diseases, tuberculosis and HIV/AIDS; nutritional assessment in cases when the member has a chronic, debilitating condition affected by nutritional needs: mammogram and prostate screenings; physical examinations and diagnostic work-ups; and immunizations. Assessment and screening services for members under age 21 are based on the AHCCCS EPSDT periodicity schedule.

Hospital: Inpatient services include semi-private accommodations for routine care, intensive and coronary care, surgical care, obstetrics and newborn nurseries, and behavioral health. If the member's medical condition requires isolation, private inpatient accommodations are covered. Nursing services, dietary services and ancillary services such as laboratory, radiology, pharmaceuticals, medical supplies, blood and blood derivatives, etc. are also covered. Outpatient services include any of the above services, which may be provided on an outpatient or ambulatory basis (i.e. laboratory, radiology, therapies, ambulatory surgery, etc.). Observation services may be provided on an outpatient basis for up to 24 hours if determined reasonable and necessary to decide whether the member should be admitted for inpatient care. Observation services include the use of a bed and periodic monitoring by hospital nursing staff and/or other staff to evaluate, stabilize or treat medical conditions of a significant degree of instability and/or disability.

Immunizations: DES/DDD shall provide immunizations for adults (21 years of age and older) to include diphtheria-tetanus, influenza, pneumococcus, , rubella, measles and hepatitis-B. EPSDT immunization requirements include diphtheria, tetanus, pertussis vaccine (DPT), oral/inactivated polio vaccine (OPV/IPV), measles, mumps, rubella vaccine (MMR), H. influenza, type B (HIB), hepatitis B (Hep B), pneumococcal conjugate and varicella vaccine.

Indian Health Service (IHS): DES/DDD may choose to subcontract with and pay an IHS or 638 tribal facility as part of their provider network for covered services provided to members. AHCCCSA will reimburse IHS or a 638 tribal facility for claims for acute care services provided to Title XIX members who receive medically necessary covered services through IHS or a 638 tribal facility.

Laboratory: Laboratory services for diagnostic, screening and monitoring purposes are covered when ordered by the member's PCP, other attending physician or dentist, and provided by a CLIA (Clinical Laboratory Improvement Act) approved free standing laboratory or hospital laboratory, clinic, physician office or other health care facility laboratory.

Upon written request, DES/DDD may obtain laboratory test data on members from a laboratory or hospital based laboratory subject to the requirements specified in ARS § 36-2903 (R) and (S). The data shall be used exclusively for quality improvement activities and health care outcome studies required and/or approved by the Administration.

Maternity: DES/DDD shall provide pre-conception counseling, pregnancy identification, prenatal care, treatment of pregnancy related conditions, labor and delivery services, and postpartum care for members. Services may be provided by physicians, physician assistants or nurse practitioners certified in midwifery. Members may select or be assigned to a PCP specializing in obstetrics. Members anticipated to have a low-risk delivery may elect to receive labor and delivery services in their home from their maternity provider if this setting is included in allowable settings for DES/DDD, and DES/DDD has providers in its network that offer home labor and delivery services. Members anticipated to have a low-risk prenatal course and delivery may elect to receive maternity services of prenatal care, labor and delivery and postpartum care provided by licensed midwives if they are in DES/DDD's provider network. All licensed midwife labor and delivery services must be provided in the member's home since licensed midwives do not have admitting privileges in hospitals or AHCCCS registered free-standing birthing centers. Members receiving maternity services from a licensed midwife must also be assigned to a PCP for other health care and medical services.

DES/DDD shall allow women and their newborns to receive 48 hours of inpatient hospital care after a normal vaginal delivery and up to 96 hours of inpatient care after a cesarean delivery. The attending health care provider, in consultation with the mother, may discharge the mother or newborn prior to the minimum length of stay. A newborn may be granted an extended stay in the hospital of birth when the mother's continued stay in the hospital is beyond the 48 or 96-hour stay.

DES/DDD shall inform all ALTCS DES/DDD enrolled pregnant women of voluntary HIV testing and the availability of counseling if the test is positive. DES/DDD shall provide information in the member handbook to encourage pregnant women to be tested and instructions on where to be tested. Semi-annually, DES/DDD shall report to AHCCCS, Division of Health Care Management, the number of pregnant women who have been identified as HIV/AIDS positive. This report is due no later than 30 days after the end of the second and fourth quarters.

Medical Foods: Medical foods are covered within the limitations defined in the *AMPM* for members diagnosed with a metabolic condition included under the ADHS Newborn Screening Program and specified in the *AMPM*. The medical foods, including metabolic formula and modified low protein foods, must be prescribed or ordered under the supervision of a physician.

Medical Supplies, Durable Medical Equipment (DME), Orthotic and Prosthetic Devices: These services are covered when prescribed by the member's PCP, other attending physician or practitioner, or by a dentist. Medical equipment may be rented or purchased only if other sources are not available which provide the items at no cost. The total cost of the rental must not exceed the purchase price of the item. Reasonable repairs or adjustments of purchased equipment are covered to make the equipment serviceable and/or when the repair cost is less than renting or purchasing another unit.

Nutrition: Nutritional assessments may be conducted as a part of the EPSDT screenings for members under age 21, and to assist ALTCS members 21 years of age and older whose health status may improve with nutritional intervention. Assessment of nutritional status on an inter-periodic basis may be provided as determined necessary, and as a part of the health risk assessment and screening services provided by the member's PCP. ALTCS covers nutritional therapy on an enteral, parenteral or oral basis, when determined medically necessary to provide either complete daily dietary requirements, or to supplement a member's daily nutritional and caloric intake and AHCCCS criteria specified in the *AMPM* are met.

Physician: DES/DDD shall provide physician services to include medical assessment, treatments and surgical services provided by licensed allopathic or osteopathic physicians.

Podiatry: DES/DDD shall provide podiatry services to include bunionectomies, casting for the purpose of constructing or accommodating orthotics, medically necessary orthopedic shoes that are an integral part of a brace, and medically necessary routine foot care for patients with a severe systemic disease which prohibits care by a nonprofessional person.

Post-stabilization Care Services Coverage and Payment: Pursuant to 42 CFR 438.114, and 42 CFR 422.113(c), the following conditions apply with respect to coverage and payment of post-stabilization care services:

DES/DDD must cover and pay for post-stabilization care services without authorization, regardless of whether the provider that furnishes the service has a contract with DES/DDD, for the following situations:

1. Post-stabilization care services that were pre-approved by DES/DDD; or,
2. Post-stabilization care services were not pre-approved by DES/DDD because DES/DDD did not respond to the treating provider's request for pre-approval within one hour after being requested to approve such care or could not be contacted for pre-approval.
3. DES/DDD representative and the treating physician cannot reach agreement concerning the enrollee's care and a contractor physician is not available for consultation. In this situation, DES/DDD must give the treating physician the opportunity to consult with a contractor physician and the treating physician may continue with care of the patient until a contractor physician is reached or one of the criteria in CFR 422.113(c)(3) is met.

Pursuant to CFR 422.113(c)(3), DES/DDD financial responsibility for post-stabilization care services that have not been pre-approved ends when:

1. A DES/DDD physician with privileges at the treating hospital assumes responsibility for the member's care;
2. A DES/DDD physician assumes responsibility for the member's care through transfer;
3. A DES/DDD representative and the treating physician reach an agreement concerning the member's care; or
4. The member is discharged.

Pregnancy Termination: AHCCCS covers pregnancy termination if the pregnant member suffers from a physical disorder, physical injury, or physical illness, including a life endangering physical condition caused by, or arising from, the pregnancy itself, that would, as certified by a physician, place the member in danger of death unless the pregnancy is terminated; the pregnancy is a result of rape or incest.

The attending physician must acknowledge that a pregnancy termination has been determined medically necessary by submitting the Certificate of Necessity for Pregnancy Termination. This form must be submitted to the appropriate assigned Health Plan Medical Director. The Certificate must certify that, in the physician's professional judgment, one or more of the previously mentioned criteria have been met.

Prescription Medications: Medications ordered by a PCP, attending physician or dentist and dispensed under the direction of a licensed pharmacist are covered subject to limitations related to prescription supply amounts, DES/DDD formularies and prior authorization requirements. Over the counter (OTC) medication may be prescribed when it is determined to be a lower cost alternative to a prescription medication.

Primary Care Provider (PCP): PCP services are covered when provided by a physician, physician assistant or nurse practitioner selected by, or assigned to, the member. The PCP provides primary health care and serves as a gatekeeper and coordinator in referring the member for specialty medical services. The PCP is responsible for maintaining the member's primary medical record which contains documentation of all health risk assessments and health care services of which they are aware, whether or not they were provided by the PCP. PCPs are expected to refer EPSDT members for appropriate services based on needs identified through the screening process and for routine dental care based on the periodicity schedule.

Radiology and Medical Imaging: These services are covered when ordered by the member's PCP, attending physician or dentist and are provided for diagnosis, prevention, treatment or assessment of a medical

condition. Services are generally provided in hospitals, clinics, physician offices and other health care facilities.

Rehabilitation Therapy: DES/DDD shall provide occupational, physical and speech therapies. Therapies must be prescribed by the member's PCP or attending physician for an acute condition and the member must have the potential for improvement due to the rehabilitation.

Respiratory Therapy: This therapy is covered on an inpatient or outpatient basis when prescribed by the member's PCP or attending physician and is necessary to restore, maintain or improve respiratory functioning.

Transplantation of Organs and Tissue, and Related Immunosuppressant Drugs: These services are covered within limitations defined in the *AMPM*, for members diagnosed with specified medical conditions. Such limitations include whether the stage of the disease is such that the transplant can affect the outcome; the member has no other conditions which substantially reduce the potential for successful transplantation; and whether the member will be able to comply with necessary and required regimens of treatment. Bone grafts are also covered under this service. Services include: pre-transplant inpatient or outpatient evaluation; donor search; organ/tissue harvesting or procurement; preparation and transplantation services; and convalescent care. In addition, if a member receives a transplant covered by a source other than AHCCCS, medically necessary non-experimental services are provided within limitations after the discharge from the acute care hospitalization for the transplantation. AHCCCS has contracted with transplantation providers for DES/DDD's use or DES/DDD may select its own transplantation provider.

Transportation: These services include emergency and non-emergency medically necessary transportation. Emergency transportation, including transportation initiated by an emergency response system such as 911, may be provided by ground, air or water ambulance to manage an AHCCCS member's emergency medical condition at an emergency scene and transport the member to the nearest appropriate medical facility. Non-emergency transportation shall be provided for members who are unable to provide their own transportation for medically necessary services.

Triage/ Screening and Evaluation: These are covered services when provided by acute care hospitals, IHS facilities and urgent care centers to determine whether or not an emergency exists, assess the severity of the member's medical condition and determine services necessary to alleviate or stabilize the emergent condition. Triage/screening services must be reasonable, cost effective and meet the criteria for severity of illness and intensity of service.

LONG TERM CARE SERVICES

A more detailed description of services can be found in 9 A.A.C. 28, Article 2 and Sections 1200 and 1300 of the *AMPM*.

Attendant Care: A service provided by a trained attendant for members who reside in their own homes and which may include homemaker services, personal care, coordination of services, general supervision and assistance, companionship, socialization and skills development.

Behavior Management Services: A service that assists the member in carrying out daily living tasks and other activities essential for living in the community.

Emergency Alert System: A service that provides monitoring devices/systems for members who are unable to access assistance in an emergency and/or live alone.

Habilitation: A service encompassing the provision of training in independent living skills or special developmental skills; sensory-motor development; orientation and mobility and behavior intervention. Physical, occupational or speech therapies may be provided as a part of or in conjunction with other

habilitation services. This includes habilitation services such as Day Treatment and Training (also known as developmentally disabled daycare) and Supportive Employment.

Home Health Services: Part-time or intermittent care for members who do not require hospital care; this service is provided under the direction of a physician to prevent re-hospitalization or institutionalization and may include skilled nursing, therapies, supplies and home health aide services.

Homemaker: Assistance in the performance of routine household activities such as shopping, cooking, running errands, etc.

Home Modifications: Building modifications or items, which allow members to function as independently as possible in their own homes.

Hospice: A program that provides care to terminally ill patients who have six months or less to live. A participating Hospice must meet Medicare requirements and have a written provider contract with DES/DDD. DES/DDD is required to pay nursing facilities 100% of the class specific contracted rate when a member elects the hospice benefit.

Partial Care: A service that provides structured, coordinated programs designed to provide therapeutic activities that promote coping, problem solving and socialization.

Personal Care: A service that provides assistance with personal physical needs such as washing hair, bathing and dressing.

Private Duty Nursing: Nursing services for ALTCS members who require more individual and continuous care than is available from a nurse providing intermittent care. These services are available to all ALTCS members and are provided by a registered nurse or licensed practical nurse under the direction of the ALTCS member's primary care provider or physician of record. When independent nurses are employed to provide private duty nursing, oversight activities must be developed to monitor service delivery and quality of care.

Respite Care: A service that provides short-term care and supervision to relieve primary caregivers. It is available for up to 24-hours per day and is limited to 720 hours per year.

LONG TERM CARE - INSTITUTIONAL SETTINGS

Behavioral Health Level I: A behavioral health service facility licensed by ADHS, as defined in 9 A.A.C. 20, to provide a structured treatment setting with 24-hour supervision, on-site medical services and an intensive behavioral health treatment program. These facilities are the highest level of inpatient behavioral health services (other than psychiatric hospitalization). Some Level I facilities are IMDs.

Institution for Mental Disease (IMD): A Medicare certified hospital, special hospital for psychiatric care, behavioral health facility or nursing care institution which has more than 16 treatment beds and provides diagnosis, care and specialized treatment services for mental illness or substance abuse for more than 50% of the patients is considered an Institution for Mental Diseases. ADHS, Office of Behavioral Health Licensure licensed Level I facilities with more than 16 beds are considered IMDs. Reimbursement for services provided in an IMD to Title XIX persons age 21 through 64 years is limited to 30 days per inpatient admission, not to exceed a total of 60 days per contract year. For Title XIX members under age 21 and 65 years of age or over, there is no benefit limitation. A Title XIX member 21 - 64 will lose eligibility for covered services if an IMD stay extends beyond 30 days per admission or 60 cumulative days per year (July 1 through June 30). A Title XIX member who is receiving services in an IMD who turns 21 may continue to receive services until the point in time in which services are no longer required or the member turns age 22, whichever comes first. AHCCCS provider types B6 and 71 are IMDs.

Inpatient Psychiatric Residential (Available to Title XIX members under 21 years of age): Services must be provided under the direction of a physician and include active treatment implemented as a result of the service plan developed. The service plan must include an integrated program of therapies, activities, and experiences designed to meet the treatment objectives for the member. A Title XIX member who is receiving services in an inpatient psychiatric facility considered to be an IMD who turns 21, may continue to receive services until the point in time in which services are no longer required or the member turns age 22, whichever comes first.

Intermediate Care Facility for Mentally Retarded (ICF-MR): A facility whose primary purpose is to provide health, habilitative and rehabilitative services to individuals with developmental disabilities.

Nursing Facility, including Religious Nonmedical Health Care Institutions: DES/DDD shall provide nursing facility services for members. The nursing facility must be licensed and Medicare/Medicaid certified by the Arizona Department of Health Services in accordance with 42 CFR 483 to provide inpatient room, board and nursing services to members who require these services on a continuous basis but who do not require hospital care or direct daily care from a physician. (Religious Nonmedical Health Care Institutions are exempt from state licensing requirements.)

LONG TERM CARE - HCBS ALTERNATIVE RESIDENTIAL SETTINGS

Under the Home and Community-Based Services program, members may receive certain services while they are living in their own home. (See Section C for a definition of “home”.) In addition, there are other alternative residential settings available to members. Members residing in these settings are responsible for the room and board payment. Every effort to advance a person-centered approach by promoting non-institutional, home-like settings that allows members to age in-place should be encouraged. Medicaid funds cannot be expended for room and board. Alternative residential settings include the following:

Adult Developmental Home: An alternative residential setting for developmentally disabled adults (18 or older) which is licensed by DES to provide room, board, supervision and coordination of habilitation and treatment for up to three residents.

Therapeutic Foster Home: Adult - An agency that provides behavioral health services and ancillary services to at least one and no more than three adults as defined in 9 A.A.C. 20, Articles 1 and 15. Child - licensed by DES as a professional foster care home as defined in 6 A.A.C. 5, Article 5850.

Alzheimer’s Treatment Assistive Living Facilities: An ALTCS approved alternative setting as provided for by Laws 1999, Ch. 313, §§ 35 (Assistive Living Facilities Demonstration Pilot Project), Alzheimer’s Treatment Assistive Living Facilities are approved as a demonstration pilot effective October 1, 1999 through September 30, 2002. The pilot was extended by laws 2001, Ch. 140, §§ 35 to September 30, 2005.

Assisted Living Facilities: Residential care institutions that provide supervisory care services, personal care services or directed care services on a continuing basis. All ALTCS approved residential settings in this category are required to meet ADHS licensing criteria. Of these facilities, ALTCS has approved three as covered settings.

- a. ***Adult Foster Care:*** An ALTCS HCBS approved alternative residential setting, as defined in 9 A.A.C. 28, Article 1, that provides supervision and coordination of necessary services within a family type environment for up to four adult residents.
- b. ***Assisted Living Home:*** An ALTCS approved alternative residential setting, defined in 9 A.A.C. 28, Article 1, that provides supervision and coordination of necessary services to ten or fewer residents. Facilities formerly known as Adult Care Homes are included in this setting.
- c. ***Assisted Living Centers:*** An ALTCS approved alternative residential setting, as defined in A.R.S. §36-401, that provides supervision and coordination of necessary services to more than 10 or more

residents. Under §36-2939 members residing in Assisted Living Centers must be offered the choice of single occupancy.

Behavioral Health Level II: A behavioral health service agency licensed by ADHS to provide a structured residential setting with 24-hour supervision and counseling or other therapeutic activities for individuals who do not require the intensity of treatment services or on-site medical services found in a Level I behavioral health facility.

Behavioral Health Level III: A behavioral health service agency licensed by ADHS to provide a residential setting with 24-hour supervision and supportive protective oversight, behavior management or psycho-social rehabilitation and assure that members receive required medications, obtain needed treatment and have transportation to outside treatment agencies if necessary. Life skills training, social and recreational activities may be provided directly or by referral to outside treatment agencies.

Child Developmental Foster Home: An alternative residential setting for developmentally disabled children which is licensed by DES to provide room, board, supervision and coordination of habilitation and treatment for up to three residents

Group Home for Developmentally Disabled: A community residential facility for up to six residents that provides room, board, personal care, supervision and habilitation. The DD Group Home provides a safe, homelike, family atmosphere, which meets the physical and emotional needs for ALTCS members who cannot physically or functionally live independently in the community. ALTCS covers services except for room and board.

Rural Substance Abuse Transitional Agency: An agency that provides behavioral health services as defined in 9 A.A.C. 20, Article 14.

Traumatic Brain Injury Treatment Facility: An ALTCS HCBS approved alternative residential setting which is licensed by the ADHS as an Unclassified Health Care Facility and whose purpose is to provide services for the treatment of people with traumatic brain injuries.

Other services and settings, if approved by CMS and/or the Director of AHCCCSA, may be added as appropriate. Exclusions and limitations of ALTCS covered services are discussed in AHCCCS and ALTCS Rules and the *AMPM*.

11. THERAPEUTIC LEAVE AND BED HOLD

For therapeutic leave and bed hold policies, refer to the *AHCCCS Medical Policy Manual*, Chapter 100.

12. BEHAVIORAL HEALTH SERVICES

DES/DDD shall provide medically necessary Title XIX (Medicaid) behavioral health services to all members in accordance with *AHCCCS policies* and 9 A.A.C. 28, Article 11. Covered services include:

- a. Behavior Management (behavioral health personal assistance, family support, peer support)
- b. Behavioral Health Case Management Services (limited)
- c. Emergency Behavioral Health Services
- d. Emergency and Non-Emergency Transportation
- e. Evaluation and screening
- f. Individual, Group and Family Therapy and Counseling
- g. Inpatient Hospital
- h. Inpatient Psychiatric Facilities (Level I residential treatment centers and sub-acute facilities)
- i. Laboratory and Radiology Services for Psychotropic Medication Regulation and Diagnosis
- j. Partial Care (Supervised day program, therapeutic day program and medical day program)

- k. Psychosocial Rehabilitation (living skills training; health promotion; pre-job training, education and development; job coaching and employment support)
- l. Psychotropic Medication
- m. Psychotropic Medication Adjustment and Monitoring
- n. Respite Care (with limitations)
- o. Therapeutic Foster Care Services

Behavioral health needs shall be assessed and services provided in collaboration with the member, the member's family and all others involved in the member's care, including other agencies or systems. Services shall be accessible and provided by competent individuals who are adequately trained and supervised. The strengths and needs of the member and their family shall determine the types and intensity of services. Services should be provided in a manner that respects the member and family's cultural heritage and appropriately utilizes natural supports in the member's community.

DES/DDD shall contract with behavioral health providers who meet Arizona Department of Health Services (ADHS) licensure standards and who are registered as behavioral health providers with AHCCCSA. DES/DDD shall ensure each provider is qualified to provide the services for which they are contracting. DES/DDD may, at its option, contract with ADHS or Regional Behavioral Health Authorities for the provision of behavioral health services. If such contracts are used, DES/DDD shall be responsible for ensuring compliance with AHCCCS appointment standards for behavioral health services, provision of case management and all medically necessary covered services and the quality of care provided to DES/DDD ALTCS members. DES/DDD shall ensure that all HCBS members who are referred for behavioral health services receive a screening and evaluation within seven days of referral. If DES/DDD's behavioral health subcontractor fails to provide medically necessary behavioral health services within the prescribed timeframes, DES/DDD shall ensure services are provided to the member directly or through corrective action with their subcontractor.

DES/DDD shall ensure that PCPs screen for behavioral health needs at each EPSDT visit, and when appropriate, initiate a behavioral health referral. DES/DDD shall develop a tracking mechanism to ensure that a referral is made when a behavioral health need is identified and that when the PCP has initiated a behavioral health referral, the member receives appropriate medically necessary behavioral health services.

Referral for behavioral health services may be made by the Primary Care Provider, case manager, facility staff, family, legal guardian, school, the member or other referral sources. DES/DDD shall develop, monitor and continually evaluate its processes for timely referral, screening, evaluation and treatment planning for behavioral health services. DES/DDD is responsible for training case managers and providers to identify and screen for members' behavioral health needs. Training for case managers and providers may be provided through employee orientation, clinical in-services and/or information sharing via newsletters, brochures, etc. Training must be provided in sufficient detail and frequency to ensure that case managers and providers appropriately identify and refer members with behavioral health needs. At a minimum, training shall include information regarding covered behavioral health services and how to access them, the importance of including the member and family in assessing needs and service planning and information regarding initial and quarterly behavioral health consultation requirements. DES/DDD shall maintain documentation of the behavioral health trainings in a central file.

DES/DDD shall have procedures in place for ensuring that members' behavioral health services are appropriately provided, coordinated with the PCP and behavioral health providers, tracked by the case manager and documented in the member's record. DES/DDD shall also have procedures in place for ensuring communication occurs between the case manager, PCP and behavioral health providers and that care is coordinated with other agencies and involved parties. Quality management for behavioral health services must be included in DES/DDD's Quality Management Plan and shall meet the quality management requirements of AHCCCSA as specified in the *AMPM*, Chapter 900.

Additional Requirements: DES/DDD shall conduct an annual case review of the behavioral health care provided to its members and submit an analysis of the findings to AHCCCSA no later than August 30. To meet this requirement, DES/DDD may independently perform the review, subcontract with ADHS or Regional Behavioral Health Authorities, or subcontract with a Professional Review Organization approved by AHCCCS. If applicable, DES/DDD shall have oversight responsibility to assure that the subcontractor performs the review as required and the results are accurate. DES/DDD shall ensure reviews are conducted on a sample of member records for both children and adults served for each geographic service area based on a sampling methodology approved by AHCCCS.

DES/DDD shall submit a proposed sampling methodology and case file review tool with instructions to AHCCCSA for review and approval no later than 60 days prior to implementation. At a minimum, the case review should assess the following indicators or aspects of care:

- a. Treatment goals are jointly established with the member, member's family, and other involved parties;
- b. Individuals requiring specialty providers are referred for and receive specialty services;
- c. There is evidence that behavioral health care has been coordinated with the member's PCP;
- d. For persons with multi-agency involvement, treatment recommendations are collaboratively developed and implemented;
- e. Individuals receive timely access to services;
- f. Measures of quality outcomes.

DES/DDD shall monitor and provide feedback on all corrective action plans written as a result of the findings in the case file review to ensure improved performance.

For more information, refer to the AHCCCS Behavioral Health Services Guide that is available from the Office of Managed Care, Behavioral Health Unit or on the AHCCCS web site at: http://www.ahcccs.state.az.us/publications/behavioralhealth/behavioralhealth_index.asp.

13. CHILDREN'S REHABILITATIVE SERVICES

The program for children with CRS-covered conditions is administered by the Arizona Department of Health Services (ADHS) for children who meet CRS eligibility criteria. DES/DDD shall refer children to the CRS program who are potentially eligible for services related to CRS covered conditions, as specified in R9-22, Article 2 and A.R.S. Title 36, Chapter 2, Article 3. Eligibility criteria and the referral process are described in the *CRS Policy and Procedures Manual* available in the Bidder's Library.

DES/DDD shall monitor referrals to CRS to ensure covered services are provided in a timely manner to CRS recipients. Referral to CRS does not relieve the DES/DDD of the responsibility for providing medically necessary services not covered by CRS to CRS recipients. DES/DDD is also responsible for initial care of newborn members, until those members become CRS recipients. DES/DDD must require the member's Primary Care Provider (PCP) to coordinate their care with the CRS program.

A member with private insurance is not required to utilize CRS. If the member uses their private insurance network for a CRS covered condition, DES/DDD is responsible for all applicable deductibles and copays.

DES/DDD remains ultimately responsible for the provision of all covered services to its members, including emergency services not related to a CRS condition and emergency services related to a CRS condition rendered outside of CRS network. DES/DDD is not responsible for these services in instances in which the CRS eligible member refuses to receive CRS covered services through the CRS program. If DES/DDD becomes aware that a member with a CRS covered condition refuses to participate in the CRS application process, or a recipient refuses to receive services from the CRS program, DES/DDD shall proceed as outlined in R9-22-201 (J).

14. OUT OF SERVICE AREA AND OUT-OF-STATE PLACEMENT

ALTCS members who are temporarily out of the Contractor's service area may be provided long term care services while out of the service area, including HCB services. **Program Contractors are not expected to set up special contractual arrangements to provide long term care services out of the service area but, should consider authorization when member-specific providers, such as family Attendant Care, are available during the temporary absence.** ALTCS members temporarily absent from Arizona without authorization from DES/DDD are eligible for acute emergency services only. Temporary absence without appropriate approvals can impact a member's eligibility for ALTCS. DES/DDD shall report all absences from the state that exceed one month to the ALTCS eligibility office for a determination of continued eligibility as specified in the ALTCS Eligibility Policy and Procedures Manual.

DES/DDD shall submit a written request to AHCCCSA Division of Health Care Management ALTCS Unit before placing a member outside the state to facilitate a coordinated review with the Division for any potential eligibility impact.

15. ALTCS TRANSITIONAL PROGRAM

The ALTCS Transitional Program is available for members who, at the time of medical reassessment, have improved either medically, functionally or both to the extent that they no longer need institutional care, but who still need significant long term care services. For those members who are living in a medical institution when determined eligible for the ALTCS Transitional program, DES/DDD shall arrange for home and community based placement as soon as possible, but not later than 90 days after the effective date of eligibility for the ALTCS Transitional Program.

ALTCS Transitional members are entitled to all ALTCS covered services except for institutional custodial care. When institutional care is determined medically necessary, the period of institutionalization may not exceed 90 consecutive days. If institutional care is expected to exceed 90 consecutive days, DES/DDD shall request a medical eligibility reassessment (PAS) at least 30 days prior to the 90th consecutive day. ALTCS Transitional members determined by the PAS to be at risk of institutionalization will be transferred from the ALTCS Transitional Program to the regular ALTCS program effective the PAS reassessment disposition date.

DES/DDD compliance will be monitored through AHCCCSA, Division of Health Care Management.

16. CASE MANAGEMENT

Case management is the process through which appropriate and cost effective medical, medically-related social services, and behavioral health services are identified, planned, obtained and monitored for individuals eligible for ALTCS services. The process involves a review of the ALTCS member's strengths and needs by the member, his/her family or representative and the case manager. The review should result in a mutually agreed upon appropriate and cost effective service plan that meets the medical, functional, social and behavioral health needs of the member in the most integrated setting.

A case manager is a person who is either a degreed social worker, licensed registered nurse, or a person with a minimum of two years experience in providing case management services to persons who are elderly and/or persons with physical or developmental disabilities. Case managers shall not provide direct care services to members enrolled with DES/DDD, but shall authorize appropriate services and/or refer members to appropriate services.

The Case manager will make every effort to foster a person-centered approach and respect maximum member/family self-determination while promoting the values of dignity, independence, individuality, privacy and choice. Case management begins with a respect for the member's and member's family's preferences, interests, needs, culture, language and belief system.

The involvement of the member and their family in strengths and needs identification and in decision making is a basic tenet of case management practice. Care plan development is a shared responsibility with the member/family/significant others input seen as key to the success of the plan. The member/family/significant others are partners with the case managers in the development of the plan with the case manager in a facilitating mode.

Case managers are expected to use a holistic approach regarding the member assessment and needs taking into account not only ALTCS covered services but also other needed community resources as applicable. Case managers are expected to:

- a. Provide adequate information and teaching to assist the member/family in making informed decisions and choices;
- b. Provide a continuum of service options that support the expectations and agreements established through the care plan process;
- c. Facilitate access to non-ALTCS services available throughout the community;
- d. Advocate for the member and/or family/significant others as the need occurs;
- e. Allow the member/family to identify their role in interacting with the service system;
- f. Provide members with flexible and creative service delivery options;
- g. Provide necessary information to providers about any changes in member's functioning to assist the provider in planning, delivering, and monitoring services;
- h. Provide coordination across all facets of the service system in order to maximize the efficient use of resources and minimize any negative impact to the member.

DES/DDD must conduct case management orientation for new staff and on-going training programs for all case management staff that includes case management standards (as outlined in AMPM Chapter 1600), the ALTCS guiding principles and subjects relevant to the population served (e.g. disability issues, behavioral health, member rights, case manager's quality management role, etc.)

Case manager shall follow all applicable standards outlined in AMPM Chapter 1600 while conducting case management activities for and with ALTCS members/families/significant others.

The case manager shall make initial contact, and . periodic placement/service reviews on-site within appropriate timeframes established by AHCCCS policy. The purpose of these visits shall be to ensure initiation and/or continued need for medically necessary services and placements.

The case manager shall be responsible for assessing the member's overall functional and medical status at each review. This information must be incorporated into the service plan development process in order to ensure the member's needs are met. The case manager shall maintain a cost-effective individualized service plan, while assisting to resolve problems in the delivery of needed services.

DES/DDD must notify AHCCCSA when members are determined no longer eligible under DD criteria. AHCCCSA staff will then perform an EPD PAS to see if the member meets EPD medical eligibility criteria. If so, the member will be disenrolled from DES/DDD and enrolled with an ALTCS EPD program contractor. In such situations, DES/DDD must continue to provide services until the date of disenrollment from DES/DDD.

When screened as potentially Developmentally Disabled, an ALTCS applicant will be referred to DES/DDD for an eligibility determination. If a determination is not made within 30 days of the referral, a PreAdmission

Screening (PAS) tool will be completed for medical eligibility. If the applicant meets the ALTCS eligibility criteria, the individual will be enrolled with DES/DDD. DES/DDD will then be responsible for assessing and providing for the member's needs until such time as the member is determined to not meet DES/DDD eligibility and is disenrolled. DES/DDD must provide notification of this determination to the local ALTCS office.

Client Assessment and Tracking System (CATS): DES/DDD shall ensure complete, correct and timely entry of data related to placement history, and cost effectiveness studies into the CATS. "Timely" shall mean within 14 days of the event which gave rise to the transaction (e.g., service approval by the case manager, placement change). Unless DES/DDD is currently transmitting data to CATS electronically, all data entry shall be on-line. If DES/DDD is not currently on-line, it must have a systems interface in place so it can update the case management information no less than twice per month. DES/DDD is not required to enter services into the CATS. DES/DDD is, however, expected to maintain a uniform tracking system in each member chart documenting the begin and end date of services inclusive of renewal of services and the number of units authorized for services as required by the *AMPM*, Chapter 1600.

DES/DDD shall provide AHCCCSA, within the timeline specified in Section F, Attachment D, with an annual Case Management Plan. This plan shall outline how all AHCCCS case management policy standards will be implemented and monitored by DES/DDD including caseloads. The plan shall also include an evaluation of DES/DDD's Case Management Plan from the prior year, to include lessons learned and strategies for improvement.

DES/DDD shall implement a systematic method of monitoring its case management program. This internal monitoring shall be conducted at least quarterly by DES/DDD. DES/DDD shall aggregate and analyze the results and describe the continuous improvement strategies it has taken to resolve identified deficiencies. This information shall be made available upon request by AHCCCS.

DES/DDD shall ensure adequate staffing to meet case management requirements. ALTCS caseloads per case manager shall not exceed an average of 1:40 per district. If caseloads exceed an average of 1:40, DES/DDD shall develop and implement a corrective action plan, approved in advance by AHCCCSA, to address caseload sizes. Staffing must also be sufficient to cover case manager absenteeism, turnover and out-of-state members.

17. MEMBER HANDBOOK and MEMBER COMMUNICATIONS

DES/DDD shall be accessible by phone for general member information during normal business hours. All enrolled members will have access to a toll free phone number. All informational materials, prepared by DES/DDD, shall be approved by AHCCCSA prior to distribution to members. The reading level and name of the evaluation methodology used should be included.

All materials shall be translated when DES/DDD is aware that a language is spoken by 3,000 or 10%, whichever is less, of DES/DDD's members, who also have limited English proficiency (LEP).

All vital materials shall be translated when DES/DDD is aware that a language is spoken by 1,000 or 5%, whichever is less, of DES/DDD's members, who also have LEP. Vital materials must include, at a minimum, notices for denials, reductions, suspensions or terminations of services, vital information from the member handbooks and consent forms.

All written notices informing members of their right to interpretation and translation services in a language shall be translated when DES/DDD is aware that 1,000 or 5% (whichever is less) of DES/DDD's members speak that language and have LEP.

Oral interpretation services must be available and free of charge to all members regardless of the prevalence of the language. DES/DDD must notify all member of their right to access oral interpretation services and how to access them. Refer to the AHCCCS, Division of Health Care Management *Member Information Policy*.

DES/DDD shall make every effort to ensure that all information prepared for distribution to members is written at a 4th grade level. Regardless of the format chosen by DES/DDD, the member information must be printed in a type, style and size, which can easily be read by members with varying degrees of visual impairment. DES/DDD must notify its members that alternative formats are available and how to access them.

When there are program changes, notification shall be provided to the affected members at least 30 days before implementation.

DES/DDD shall produce and provide the following printed information to each member or family within 12 business days of receipt of notification of the enrollment date:

- I. A *member handbook* which, at a minimum, shall include the items listed in the AHCCCS, Division of Health Care Management *Member Information Policy*.

DES/DDD shall review and update the Member Handbook at least once a year. The handbook must be submitted to AHCCCS, Division of Health Care Management for approval by September 1st of each contract year, or within four weeks of receiving the annual renewal amendment, whichever is later.

Upon the initial case management assessment, and annually thereafter, the case manager will review the contents of the member handbook with the member or authorized representative.

- II. A description of DES/DDD's provider network, which at a minimum, includes those items listed in the AHCCCS, Division of Health Care Management *Member Information Policy*.

DES/DDD must give written notice about termination of a contracted provider, within 15 days after receipt or issuance of the termination notice, to each member who received their primary care from, or is seen on a regular basis by, the terminated provider. Affected members must be informed of any other changes in the network 30 days prior to the implementation date of the change. DES/DDD shall have information available for potential enrollees as described in the AHCCCS, Division of Health Care Management *Member Information Policy*.

DES/DDD will, on an annual basis, inform all members of their right to request the following information:

- a. An updated member handbook
- b. The network description as described in the AHCCCS Division of Health Care Management Member Information Policy

This information may be sent in a separate written communication or included with other written information such as in a member newsletter.

DES/DDD shall ensure compliance with any applicable Federal and state laws that pertain to member rights and ensure that its staff and subcontractors take those rights into account when furnishing services to members.

DES/DDD shall ensure that each member is guaranteed the right to request and receive a copy of the member's medical record and to request that they be amended or corrected, as specified in 42 CFR Part 164.

DES/DDD shall ensure that each member is free to exercise their rights and that the exercise of those rights does not adversely affect the way the DES/DDD or its subcontractors treat the member.

18. REPORTING CHANGES IN MEMBERS' CIRCUMSTANCES

The ALTCS Member Change Report Form (DE-701) must be used by DES/DDD to notify the ALTCS eligibility offices and AHCCCSA of changes or corrections to the member's circumstances. This includes but is not limited to changes in residence, mailing address, temporary absence from the state, demographic information, refusal of HCBS services, contract type changes, living arrangements, third party payers, share of cost, income or resources; a medical condition which could affect eligibility, admission to Arizona State Hospital; no services provided (e.g. member's refusal to receive ALTCS services); demographic changes or the member's death. .

19. PRE-ADMISSION SCREENING AND RESIDENT REVIEW (PASRR)

DES/DDD shall ensure members have the Preadmission Screening and Resident Review (PASRR) Level I and, if needed, Level II screenings prior to admission to a nursing facility. Level I is the identification of members who are suspected of having mental illness or mental retardation. Level II determines whether nursing facility or specialized services are needed. Failure to have the proper PASRR screening prior to placement of members in a nursing facility may result in federal financial participation (FFP) being withheld from AHCCCSA. Should withholding of FFP occur, AHCCCSA will recoup the withheld amount from DES/DDD's subsequent capitation payment. DES/DDD may, at its option, recoup the withholding from the nursing facility which admitted the member without the proper PASRR.

20. QUALITY MANAGEMENT / UTILIZATION MANAGEMENT

Quality Management (QM): DES/DDD shall provide quality medical care to members, regardless of payer source or eligibility category. DES/DDD shall use and disclose medical records and any other health and enrollment information that identifies a particular member in accordance with Federal and State privacy requirements. DES/DDD shall execute processes to assess, plan, implement and evaluate quality management and performance improvement activities, as specified in the AMPM, that include at least the following:

1. Conducting Performance Improvement Projects (PIPs);
2. QM monitoring and evaluation activities;
3. Investigation, analysis, tracking and trending of quality of care issues, abuse and/or complaints;
4. AHCCCS mandated performance measurements; and
5. Credentialing, recredentialing processes and provisional credentialing.
6. Quarterly Quality Management Report. DES/DDD may combine its quality management plan with the plan that addresses utilization management as described below.

AHCCCS has established a uniform credentialing, recredentialing and provisional credentialing policy. DES/DDD shall demonstrate that its providers are credentialed and:

- a. Shall follow a documented process for credentialing and recredentialing of providers who have signed contracts or participation agreements with DES/DDD;
- b. Shall not discriminate against particular providers that serve high-risk populations or specialize in conditions that require costly treatment; and
- c. Shall not employ or contract with providers excluded from participation in Federal health care programs.

DES/DDD shall submit, within timelines specified in Attachment D, a written QM plan and QM evaluation of the previous year's QM program that addresses its strategies for performance improvement and conducting the quality management activities described in this section. DES/DDD shall conduct performance improvement projects as required in the *AMPM*.

•

Utilization Management (UM): DES/DDD shall execute a processes to assess, plan, implement and evaluate utilization management activities, as specified in the *AMPM*, that include at least the following:

1. Pharmacy Management;
2. Prior authorization;
 - a. For the processing of requests for initial and continuing authorizations of services DES/DDD shall:
 - 1) Have in effect mechanisms to ensure consistent application of review criteria for authorization decisions; and
 - 2) Consult with the requesting provider when appropriate
 - b. Adoption of Practice Guidelines, that
 - 1) Are based on valid and reliable clinical evidence or a consensus of health care professionals in the particular field;
 - 2) Consider the needs of DES/DDD's members;
 - 3) Are adopted in consultation with contracting health care professionals;
 - 4) Are disseminated by DES/DDD to all affected providers and, upon request, to enrollees and potential enrollees; and
 - 5) Provide a basis for consistent decisions for utilization management, member education, coverage of services, and other areas to which the guidelines apply
3. Concurrent review;
4. Continuity and coordination of care;
5. Monitoring and evaluation of over and/or under utilization of services;
6. Evaluation of new medical technologies, and new uses of existing technologies;
7. Development and/or adoption of practice guidelines; and
8. Consistent application of review criteria.
9. Disease Management Program Results and,
10. Quarterly Utilization Management Report (details in the *AMPM*)

DES/DDD shall maintain a written UM plan that addresses its plan for monitoring UM activities described in this section. The plan and UM evaluation must be submitted for review by AHCCCS Division of Health Care Management (DHCM) within timelines specified in Attachment D.

Performance Standards:

All Performance Standards described below **may** apply to all member populations.

DES/DDD must meet AHCCCS stated Minimum Performance Standards. However, it is equally important that DES/DDD continually improve its performance measure outcomes from year to year. DES/DDD shall strive to meet the benchmark established by AHCCCS.

AHCCCS has established three levels of performance:

- a. *Minimum Performance Standard* – A Minimum Performance Standard is the minimal expected level of performance by the DES/DDD. If DES/DDD does not achieve this standard, or measure declines to a level below the AHCCCS Minimum Performance, DES/DDD will be required to submit a corrective action plan and may be subject to sanctions.
- b. *Goal* – A Goal is a reachable standard for a given performance measure for the Contract Year. If DES/DDD has already met or exceeded the AHCCCS Minimum Performance Standard for any measure, DES/DDD must strive to meet the established Goal for the measure (s).
- c. *Benchmark* – A Benchmark is the ultimate standard to be achieved. If DES/DDD has already achieved or exceed the Goal for any performance measure, DES/DDD must strive to meet the Benchmark of the

measure (s). If DES/DDD has achieved the Benchmark, DES/DDD is expected to maintain this level of performance for future years.

DES/DDD must show demonstrable and sustained improvement toward meeting AHCCCS performance standards, it shall develop a corrective action plan. In addition to corrective action plans, AHCCCS may impose sanctions on Program Contractors that do not meet the Minimum Performance Standard and do not show statistically significant improvement in an indicator rate and/or require those Contractors to demonstrate that they are allocating increased administrative resources to improving rates for a particular indicator or service area. AHCCCS may require a corrective action plan of any Program Contractor that shows a statistically significant decrease in its rate, even if it meets or exceeds the Minimum Performance Standard.

The corrective action plan must be received by AHCCCS within 30 days of receipt of notification from AHCCCS. This plan must be approved by AHCCCS prior to implementation. AHCCCS may conduct one or more follow-up on-site reviews to verify compliance with a corrective action plan. Failure to achieve adequate improvement may result in sanction imposed by AHCCCS.

Performance Measures

DES/DDD shall comply with AHCCCS quality management requirements to improve performance for all AHCCCS established performance measures. Complete descriptions of these measures can be found in the Technical Specifications section of the most recently published Performance Standards Results and Analysis documents for pediatric and adult/adolescent services. These activities will be monitored by AHCCCSA during the Operational and Financial Review.

CMS has been working in partnership with states in developing core performance measures for Medicaid and SCHIP programs. The current AHCCCS established performance measures might be subject to change when these core measures are finalized and implemented.

Core Indicator Project: DES/DDD has chosen performance measures from the National Core Indicator Project (CIP) and has begun to develop statewide interventions, timelines, and goals for each performance measure that will support an integrated approach to continuous quality improvement. DES/DDD has chosen to adopt measures from this project as part of the overall Quality Management Plan.

In addition, AHCCCS has established standards for the following measures:

Childhood Dental Visits: DES/DDD shall ensure members under age 21 receive dental screenings and services as specified in the *AMPM*. Complete descriptions of these measures can be found in the most recently published Results and Analysis for Acute Care Performance Measures.

EPSDT Participation: DES/DDD shall take affirmative steps to increase member participation in the EPSDT program. The participant rate is the number of children younger than 21 years receiving at least one medical screen during the contract year, compared to the number of children expected to receive at least one medical screen. The number of children expected to receive at least one medical screen is based on the AHCCCS EPSDT periodicity schedule and the average period of eligibility.

Pediatric and Adolescent Immunizations: DES/DDD shall ensure that members under age 21 receive age-appropriate immunizations as specified in the *AMPM*. DES/DDD shall participate in immunization audits at intervals specified by AHCCCS, based on random sampling to assess and verify the immunization status of two-year-old members. AHCCCSA will provide DES/DDD the selected sample, specifications for conducting the audit, the AHCCCSA reporting requirements, and technical assistance. DES/DDD, in collaboration with the appropriate acute Health Plans, shall identify each child's PCP, conduct the assessment, and report to AHCCCSA in the required format all immunization data for the two-year-old children sampled. If medical records are missing for more than 5 percent of the sample group, DES/DDD is subject to sanctions by

AHCCCSA. An External Quality Review Organization (EQRO) may conduct a study to validate DES/DDD's reported rates.

In addition, AHCCCS has added a new performance standard for Adolescent Immunizations. This standard will measure whether members had a second dose of MMR by their 13th birthdays. The MPS and Goal will be determined after a baseline measurement in CYE 2005.

Well-child and Adolescent Well-care Visits: DES/DDD shall ensure that members under age 21 receive well-child or well-care visits as required by the AHCCCS EPSDT periodicity schedule. Complete descriptions of these measures can be found in the most recently published Results and Analysis for Acute-care Performance Measures. The MPS and Goal for DES/DDD will be determined after a baseline measurement in CYE 2005.

DES/DDD shall work, when necessary, with its subcontractors to identify the need for corrective action plans and follow-up evaluation. Documentation is expected regarding interventions instituted and follow-up measurements from baseline data.

The following table identifies the Minimum Performance Standards, Goals and Benchmarks for each indicator:

DES/DDD Performance Standards for CYE 2005

Performance Measures	CYE 05 Minimum Performance Standard	CYE 05 Goal	Benchmark (HEDIS Medicaid 90th Percentile) (2)
EPSDT Participation	51%	54%	80%
Immunization of two-year-olds			
4:3:1 Series	80%	83%	90%
4:3:1:3:3 Series (1)	70%	75%	90%
DTaP - 4 doses	83%	86%	90%
Polio - 3 doses	89%	90%	90%
MMR - 1 dose	90%	90%	90%
Hib - 3 doses (1)	76%	77%	90%
HBV - 3 doses	82%	88%	90%
Varicella - 1 dose	77%	81%	90%
Adolescent Immunizations (2)	TBD	TBD	90%
Dental Visits	35%	37%	56%
Well-child Visits 15 Months (5)	TBD	TBD	90%
Well-child Visits 3 - 6 Years (5)	TBD	TBD	80%
Adolescent Well-care Visits (2) (5)	TBD	TBD	50%

(1) New standards are based on 3 doses of Hib; MPS for Hib vaccination is based on NCQA 2002 Medicaid average of 74%.

(2) New standard for all Contractors, measures whether members had a second dose of MMR by their 13th birthdays; MPS and Goal to be determined (TBD) after baseline measurement in CYE 2005

(3) New standard for DDD, rates for these indicators have not been previously measured; MPS and Goal to be determined (TBD) after baseline measurement in CYE 2005

Quality Assessment

DES/DDD shall have an ongoing quality assessment program for services.

- The projects must be designed to achieve, through ongoing measurements and intervention, significant improvement, sustained over time, in clinical care and non-clinical care areas that are expected to have a favorable effect on health outcomes and enrollee satisfaction.
- Submit performance measure data annually:
 - Measure and report to the State its performance, using standard measures required by the State, or as required by CMS.
 - Submit to the State, data specified by the State, that enables the State to measure DES/DDD's performance; or
 - Perform a combination of the activities.
- Have in effect mechanisms to detect both underutilization and over utilization of services.
- Have in effect mechanisms to assess the quality and appropriateness of care furnished to enrollees with special health care needs.

Performance Improvement

DES/DDD must have an ongoing program of performance improvement projects that focus on clinical and non-clinical areas, and that involve the following:

- Measurement of performance using objective quality indicators.
- Implementation of system interventions to achieve improvement in quality
- Evaluation of the effectiveness of the interventions.
- Planning and initiation of activities for increasing or sustaining improvement.

DES/DDD must report the status and results of each project to the State as requested. Each performance improvement project must be completed in a reasonable time period so as to generally allow information on the success of performance improvement projects in the aggregate to produce new information on quality of care every year.

Additional Requirements

DES/DDD shall conduct an annual case review of the behavioral health care provided to its members and submit an analysis of the findings to AHCCCSA no later than August 30. For more detail see Section D, Paragraph 12, Behavioral Health Services.

21. RESERVED

22. GRIEVANCE SYSTEM

DES/DDD shall have in place a written grievance system for subcontractors, enrollees and providers, which defines their rights regarding disputed matters with DES/DDD. DES/DDD's grievance system for members includes a grievance process (the procedures for addressing member grievances), an appeals process and access to the state's fair hearing process. DES/DDD shall provide the appropriate personnel to establish, implement and maintain the necessary functions related to the grievance systems process. Refer to Attachments B(1) and B(2) for *Grievance System* and *Provider Grievance System Standards and Policy*, respectively.

DES/DDD may delegate the grievance system process to subcontractors, however, DES/DDD must ensure that standards which are delegated comply with applicable Federal and State laws, regulations and policies, including, but not limited to 42 CFR Part 438 Subpart F. DES/DDD shall remain responsible for compliance with all requirements. DES/DDD shall also ensure that it timely provides written information to both enrollees and providers, which clearly explains the grievance system requirements. This information must include a description of: the right to a state fair hearing, a method for obtaining a state fair hearing, the rules that govern representation at the hearing, the right to file grievance and appeals, the requirements and timeframes for filing grievance and appeals, the availability of assistance in the filing process, the toll-free numbers that the enrollee can use to file a grievance or appeal by phone, that benefits will continue when

requested by the enrollee in an appeal or state fair hearing request which is timely filed, that the enrollee may be required to pay the cost of services furnished while the appeal is pending if the final decision is adverse to the enrollee, and that a provider may file an appeal on behalf of an enrollee with the enrollee's written consent. Information to enrollees must meet cultural competency and limited English proficiency requirements as specified in Section D, Paragraph 17, Member Handbook and Member Communications, and Paragraph 69, Cultural Competency.

DES/DDD shall be responsible to provide the necessary professional, paraprofessional and clerical services for the representation of DES/DDD in all issues relating to the grievance system and any other matters arising under this contract which rise to the level of administrative hearing or a judicial proceeding. Unless there is an agreement with the State in advance, DES/DDD shall be responsible for all attorney fees and costs awarded to the claimant in a judicial process..

23. QUARTERLY GRIEVANCE SYSTEM REPORT

1. DES/DDD shall submit a Quarterly Grievance System Report (this report consists of Enrollee Appeals and Claim Disputes) to AHCCCSA, Division of Health Care Management, using the Quarterly Grievance System Report Format. The Quarterly Grievance System Report must be received by the AHCCCSA, Division of Health Care Management, no later than 45 days from the end of the quarter.

2. Enrollee Grievance Report: The Program Contractor shall accept, resolve and track enrollee grievances as required in the AHCCCS Enrollee Grievance Policy. The Contractor shall submit an Enrollee Grievance report quarterly. The deadline for the submission of this report is the 45th day of the month following the end of each quarter (or the first business day following the 45th). The report shall include the following:

- A. Number of grievances received in the reporting period
 - i. Total
 - ii. By the categories used in the Contractor's executive summary reports
- B. Number of days to resolution
 - i. Number resolved within 10 days
 - ii. Number resolved in 11 or more days, but less than 29 days
 - iii. Number resolved in 30 or more days, but less than 59 days
 - a. Number resolved in 60 to 90 days
 - b. Average days to resolution

Report A. and B. above by current quarter, prior quarter and current quarter for the previous year.

The Program Contractor shall trend and analyze grievance, appeals and claim disputes at least quarterly; any identified trends and corrective action plans should be reported to AHCCCSA, Division of Health Care Management.

24. RESERVED

25. STAFF REQUIREMENTS AND SUPPORT SERVICES

DES/DDD shall have in place the organizational, management and administrative systems capable of fulfilling all contract requirements. For purposes of this contract, DES/DDD shall not employ or contract with any individual that has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity or from participating in non-procurement activities under regulations issued under Executive Order 12549 or under guidelines implementing Executive Order 12549. DES/DDD is responsible for maintaining a significant local (within the State of Arizona) presence. This presence would include staff as described below. After contract award, DES/DDD must obtain approval from AHCCCS prior to moving functions outside the State

of Arizona. Such a request for approval must include a description of the processes in place that assure responsiveness and contract compliance.

DES/DDD shall be responsible for any additional costs associated with on-site audits or other oversight activities which result when required systems are located outside of the State of Arizona.

At a minimum, the following staff are required:

- a. An **Assistant Director (Program Administrator)** to oversee the entire operation of the DES/DDD Title XIX program.
- b. A **Medical Director** who is an Arizona-licensed physician. The Medical Director shall be actively involved in all major clinical program components of DES/DDD. The Medical Director shall devote sufficient time to DES/DDD's operations to ensure timely medical decisions, including after-hours consultation as needed (see Paragraph 27, Medical Director).
- c. A **Grievance Manager** to investigate member and provider complaints and grievances against DES/DDD and submit quarterly reports to AHCCCSA's Office of Legal Assistance.
- d. A **Financial Officer/CFO** to oversee the budget, accounting systems and financial reporting of DES/DDD.
- e. A **Quality Management Coordinator/Utilization Management Coordinator** who is an Arizona-licensed registered nurse, physician or physician's assistant.
- f. A **Behavioral Health Coordinator** who shall be a behavioral health professional as described in Health Services Rule 9 A.A.C. 20. The Behavioral Health Coordinator shall devote sufficient time to assure DES/DDD's Behavioral Health program is implemented per AHCCCSA requirements.
- g. An **EPSDT Coordinator** who is an Arizona-licensed registered nurse, physician or physician's assistant; or have a Master's degree in Health Services, Public Health or Health Care Administration.
- h. **Case Management Administrator/Manager/Supervisory staff** to oversee the case management functions who shall have the qualifications of a case manager as defined in Section D, Paragraph 16.
- i. **Case Managers** to coordinate the provisions of services to clients in HCBS and institutional settings
- j. **Provider Representatives** to coordinate communications between DES/DDD, subcontractors, other program contractors, and AHCCCSA
- k. **Claims Processors/Encounter Administrator** to ensure the timely and accurate submission of encounter data, processing of original claims, claims corrections letters, resubmission and overall disposition of all claims
- l. **Support Services Staff** to ensure the timely and accurate processing of support service reports and requests (e.g., telephone systems, MIS);
- m. **Prior Authorization** staff to authorize health care 24 hours per day, 7 days per week. This staff shall be directly supervised by an Arizona-licensed registered nurse, physician or physician's assistant.
- n. **Concurrent Review staff** to conduct inpatient concurrent review. This staff shall consist of an Arizona-licensed registered nurse, physician, physician's assistant or an Arizona-licensed practical nurse experienced in concurrent review and under the direct supervision of a registered nurse, physician or physician's assistant.
- o. **Compliance Officer** who shall implement and oversee the DES/DDD's compliance program. The compliance officer shall be a management official, available to all employees, with designated and recognized authority to access records and make independent referrals to AHCCCSA, Office of Program Integrity. See paragraph 70 for more information.
- p. **Clerical support staff** as necessary to ensure proper functioning of DES/DDD's operation.
- q. **Provider Services/Contracts Manager and staff** to coordinate communications between DES/DDD and its subcontractors. There shall be sufficient Provider Services staff to enable providers to receive prompt resolution to their problems or inquiries and appropriate education about participation in the AHCCCS program.
- r. **DES/DDD Staff** sufficient to implement and oversee compliance with both the Program Contractor's Cultural Competency Plan and the *AHCCCS Cultural Competency Policy*, and to oversee compliance with all AHCCCS requirements pertaining to Limited English Proficiency (LEP).
- s. A **Business Continuity Planning and Recovery Coordinator** as noted in the DHCM Business Continuity and Recovery Planning Policy.

DES/DDD shall inform AHCCCSA, Division of Health Care Management, in writing within seven days of learning of an intended resignation in any of the following key positions listed below. The name of the interim contact person should be included with the notification. The name of the permanent employee shall be submitted as soon as the new hire has taken place.

Assistant Director
ALTCS Program Administrator
Medical Director
Business Operations Administrator/Financial Officer
Managed Care Program Administrator
EPSDT Coordinator
Quality Management Coordinator
Case Management Administrator/Manager
Behavioral Health Coordinator
Grievance Coordinator
Compliance Officer
Provider Services/Contracts Manager

DES/DDD shall ensure that all staff have appropriate training, education and experience to fulfill the requirements of the position.

If DES/DDD subcontracts with other entities for acute medical care services, behavioral health services and other Long Term Care medical care services, it shall ensure that the subcontractors perform in accordance with all AHCCCS requirements and that all staff have appropriate licenses and certifications.

26. WRITTEN POLICIES, PROCEDURES AND JOB DESCRIPTIONS

DES/DDD shall develop and maintain written policies, procedures and job descriptions for each functional area, consistent in format and style. DES/DDD shall maintain written guidelines for developing, reviewing and approving all policies, procedures and job descriptions. All policies and procedures shall be reviewed at least annually to ensure that DES/DDD's written policies reflect current practices. Reviewed policies shall be dated and signed by DES/DDD's appropriate manager, coordinator, director or administrator. All medical and quality management policies shall be approved and signed by DES/DDD's Medical Director. Job descriptions shall be reviewed at least annually to ensure that current duties performed by the employee reflect written requirements. DES/DDD shall ensure that all staff have appropriate training, education, and experience to fulfill the requirements of the position.

27. MEDICAL DIRECTOR

DES/DDD shall have on staff a Medical Director who is currently actively licensed as a physician in Arizona through the Arizona Medical Board or the Arizona Osteopathic Board. The Medical Director must have at least 3 years of training and/or experience appropriate to the needs of the population being served. For example, if the program is mainly focused on the medical needs of members, then training/experience should be in a medical specialty. If the program is mainly focused on the behavioral health needs of members, then the training/experience should be in a psychiatric specialty. For those programs with a significant overlap in need (behavioral and medical), then the Medical Director should have sufficient training/experience to be able to comfortably and competently deal with issues in both areas. If not, then DES/DDD must clearly identify a physician who will be available and accountable for those areas in which the Medical Director's training/experience may be lacking. The Medical Director shall be responsible for:

- a. The development, implementation and medical interpretation of medical policies and procedures to guide and support the provision of medical care to members. This includes, among others, policies pertaining to

- prior authorization, concurrent review, claims review, discharge planning, credentialing and referral management, as well as for medical review in the grievance, appeal and fair hearing processes.
- b. Oversight and involvement in provider recruitment activities
 - c. As appropriate, reviewing all providers' applications and submitting recommendations to those with contracting authority regarding credentialing and reappointment of all professional providers who fall under DES/DDD's scope of authority for credentialing (i.e., physicians, dentists, nurse practitioners, midwives, podiatrists and other licensed independent practitioners) prior to the physician's contracting (or renewal of contract) with DES/DDD
 - d. Oversight and involvement in provider profiling and other utilization management activities
 - e. Administration of all medical management activities of DES/DDD
 - f. Continuous assessment and improvement of the quality of care provided to members (e.g. quality of care issues, AHCCCS performance measurements, Performance Improvement Projects, annual medical study)
 - g. The development and implementation of the quality management/utilization management plan and serving as Chairperson of Quality Management Committee
 - h. Oversight and involvement in provider education, inservice training and orientation
 - i. Assuring that adequate staff and resources are available for the provision of proper medical care to members
 - j. Attending AHCCCS Medical Director's meetings.

During periods when the Medical Director is not available, DES/DDD shall have adequate back-up physician staff to provide competent medical direction.

28. NETWORK DEVELOPMENT

DES/DDD shall develop, maintain and monitor a provider network, including home and community based service providers and alternative residential settings, that is supported by written agreements which is sufficient to provide all covered services to ALTCS members. DES/DDD shall ensure covered services are provided promptly and are reasonably accessible in terms of location and hours of operation. There shall be sufficient personnel for the provision of all covered services, including emergency medical care on a 24-hour-a-day, 7-day-a-week basis. The development of home and community based services shall include provisions for the availability of services on a 7-day-a-week basis and for extended hours, as directed by member needs.

DES/DDD must provide a comprehensive network to ensure its membership has access at least equal to, or better than community norms. Services shall be accessible to AHCCCS members in terms of timeliness, amount, duration and scope as those are to non-ALTCS persons within the same service area. If the network is unable to provide medically necessary services required under contract, DES/DDD shall ensure timely and adequate coverage of these services through an out of network provider until a network provider is contracted. DES/DDD shall ensure coordination with respect to authorization and payment issues in these circumstances.

The network development and management plan shall be evaluated, updated annually and submitted to AHCCCS within 45 days from the start of the contract year. The submission of the network management and development plan to AHCCCSA is an assurance of the adequacy and sufficiency of DES/DDD's provider network. DES/DDD shall also submit as needed an assurance when there has been a significant change in operations that would affect adequate capacity and services. These changes would include, but would not be limited to, changes in services, covered benefits, geographic service areas, payments or eligibility of a new population.

The plan shall identify the current status of the network at all levels (institutional, HCBS, acute, alternative residential, etc.) and to project future needs based upon, at a minimum, membership growth; the number and types (in terms of training, experience and specialization) of providers that exist in DES/DDD's service area, as well as the number of physicians who have privileges with and practice in hospitals; the expected utilization of services, given the characteristics of its population and its health care needs; the numbers of providers not accepting new Medicaid patients; and access of its membership to specialty services as compared to the general population of the community. Also include a description of how members access the network system and the

relationships between the various levels within the system. The plan should, at a minimum, include the following:

Evaluation of prior year's plan

Current status of network including:

- a. how members access the system
- b. relationships between the various levels

Current network gaps

Immediate short term interventions when a gap occurs

Interventions to fill network gaps, and barriers to those interventions

Outcome measures/evaluation of interventions

Ongoing activities for network development

Coordination between contractor departments and outside organizations, including member/provider type councils

A description of network for specialty populations – including unmet needs.Membership growth/changes

A description of the adequacy of the geographic access to tertiary hospital services

DES/DDD's network shall be sufficient to provide covered services within designated time and distance limits. This includes a network such that a Maricopa or Pima County member residing within the boundary area of metropolitan Phoenix or Tucson does not have to travel more than 5 miles to see a PCP or pharmacy. A member residing outside the metropolitan boundary area, but within Maricopa or Pima County, must not have to travel more than 10 miles to see such providers. Any exceptions to the Network Standards must be prior approved by AHCCCSA, Division of Health Care Management.

DES/DDD shall not discriminate with respect to participation in the AHCCCS program, reimbursement or indemnification against any provider solely on the provider's type of licensure or certification. In addition, DES/DDD shall not discriminate against particular providers that service high-risk populations or specialize in conditions that require costly treatment. This provision, however, does not prohibit DES/DDD from limiting provider participation to the extent necessary to meet the needs of DES/DDD's members. This provision also does not interfere with measures established by DES/DDD to control costs consistent with its responsibilities under this contract nor does it preclude DES/DDD from using different reimbursement amounts for different specialists or for different practitioners in the same specialty. If DES/DDD declines to include individuals or groups of providers in its network, it must give the affected providers written notice of the reason for its decision. DES/DDD may not include providers excluded from participation in Federal health care programs, under either section 1128 or section 1128A of the Social Security Act.

DES/DDD is also encouraged to develop non-financial incentive programs to increase participation in its provider network.

Other: AHCCCS is committed to supporting the residency programs in the state of Arizona. Working proactively with the residency programs is beneficial to protect their viability, and also provides an excellent opportunity for DES/DDD to educate future physicians on the principles of managed care. In addition, AHCCCS believes that the residency programs can influence the provider capacity issues in Arizona. In the future, AHCCCS would like to provide incentives to those programs that are working to retain physicians in Arizona after completion of the program.

AHCCCS is currently working on a Memorandum of Understanding that will represent our collaborative agreement to accomplish goals that are in the best interest of the residency programs, the AHCCCS program and the state of Arizona. In CYE '05, AHCCCS will be amending the contract further to reward plans, through reimbursement and/or additional auto-assignment when applicable, for incorporating residency

programs into their provider networks. AHCCCS encourages plans to work with the many residency programs currently operating in the state and to investigate opportunities for resident participation in health plan medical management and committee activities.

29. NETWORK MANAGEMENT

DES/DDD shall have policies and procedures in place that pertain to all service specifications described in the *AMPM*. In addition, DES/DDD shall have policies on how DES/DDD will:

- a. Communicate with the network regarding contractual and/or program changes and requirements;
- b. Monitor network compliance with policies and rules of AHCCCSA and DES/DDD, including compliance with all policies and procedures related to the grievance/appeal processes and ensuring the member's care is not compromised during the grievance/appeal processes;
- c. Evaluate the quality of services delivered by the network;
- d. Provide or arrange for medically necessary covered services should the network become temporarily insufficient within the contracted service area;
- e. Monitor the adequacy, accessibility and availability of its provider network to meet the needs of its members, including the provision of care to members with limited proficiency in English; and
- f. Process expedited and temporary credentials.
- g. Recruit, select, credential, re-credential and contract with providers in a manner that incorporate quality management, utilization, office audits and provider profiling
- h. Provide training for its providers and maintain records of such training

DES/DDD policies shall be subject to approval by AHCCCSA, Division of Health Care Management, and shall be monitored through operational audits.

DES/DDD shall give hospitals and physician groups 90 days notice prior to a contract termination without cause. All affected subcontracts must contain this provision by July 1, 2005. Contracts between the Contractor and single practitioners are exempt from this requirement.

All material changes in DES/DDD's provider network must be approved in advance by AHCCCSA, Division of Health Care Management. A material change is defined as one which affects, or can reasonably be foreseen to affect, DES/DDD's ability to meet the performance and network standards as described in this contract. AHCCCSA will assess proposed changes in DES/DDD's provider network for potential impact on members' health care and provide a written response to DES/DDD. For emergency situations, AHCCCSA will expedite the approval process.

DES/DDD shall notify AHCCCSA, Division of Health Care Management, within one business day of any unexpected changes that would impair its provider network. This notification shall include (1) information about how the change will affect the delivery of covered services, and (2) DES/DDD's plans for maintaining the quality of member care, if the provider network change is likely to affect the delivery of covered services.

30. PROVIDER MANUAL

DES/DDD shall develop, distribute and maintain a provider manual. DES/DDD shall document the approval of the provider manual by its Administrator and Medical Director and shall maintain documentation which verifies that the provider manual is reviewed at least annually. DES/DDD shall ensure and document that each provider (individual or group that submits claim and encounter data) is issued a copy of the provider manual. At a minimum, the provider manual must contain information on the following:

- a. A table of contents
- b. Introduction to DES/DDD which explains its organization and administrative structure
- c. Provider responsibilities and DES/DDD's expectation of the provider such as gatekeeping activities, etc.

- d. Overview of DES/DDD's Provider Services department and function
- e. Listing and description of covered and non-covered services, requirements and limitations
- f. Emergency room utilization (appropriate and non-appropriate use of the emergency room)
- g. Description of covered behavioral health services and how to access them
- h. DES/DDD's policy regarding PCP assignments
- i. Referrals to specialists and other providers
- j. Grievance system process and procedures for providers and enrollees
- k. Billing and encounter submission information
- l. Policies and procedures relevant to the network including, but not limited to, utilization management and claims submission
- m. Reimbursement information including reimbursement for members with other insurance or Medicare
- n. Explanation of remittance advice
- o. Prior authorization and notification procedures
- p. Claims medical review
- q. Concurrent review
- r. Fraud and abuse
- s. AHCCCS appointment/ waiting time standards
- t. Formulary information including updates when changes occur. (The formulary may be separate from the Provider Manual.)
- u. EPSDT services, standards and forms
- v. Americans with Disabilities Act (ADA) requirements, as applicable
- w. Cultural competency information, including notification about Title VI of the Civil Rights Act of 1964. Providers should also be informed of how to access interpretation services to assist members who speak a language other than English or who use sign language
- x. Eligibility verification

31. PROVIDER REGISTRATION

DES/DDD shall ensure that each of its subcontractors register with AHCCCSA as an approved service provider and receive an AHCCCS Provider ID Number. A Provider Participation Agreement must be signed by each provider who does not already have a current AHCCCS ID number. The original shall be forwarded to AHCCCSA. This provider registration process must be completed in order for DES/DDD to report services a subcontractor renders to enrolled members and for DES/DDD to be paid reinsurance.

32. NETWORK SUMMARY

DES/DDD shall submit a listing of independent and agency HCBS and therapy providers with the Network Management and Development Plan, see Section D, Paragraph 28. This network summary should include a waiting list for therapy and HCBS services. An update of the network and waiting list shall be submitted by October 15 and May 15. The AHCCCS Division of Health Care Management will notify DES/DDD if there is a change in the submitted frequency.

33. SUBCONTRACTS

DES/DDD shall be legally responsible for contract performance whether or not subcontracts are used. No subcontract shall operate to terminate the legal responsibility of DES/DDD to assure that all activities carried out by the subcontractor conform to the provisions of this contract. Subject to such conditions, any function required to be provided by DES/DDD pursuant to this contract may be subcontracted to a qualified person or organization. All such subcontracts must be in writing. See policy on claims processing by subcontracted providers in the Bidder's Library.

All subcontracts entered into by DES/DDD are subject to prior review and written approval by AHCCCSA, Contracts and Purchasing, and shall incorporate by reference the terms and conditions of this contract. The

following subcontracts, unless otherwise specified, shall be submitted to AHCCCSA Contracting Office for prior approval at least 30 days prior to the beginning date of the subcontract:

- a. Automated data processing
- b. Third-party administrators
- c. Management Services (See also Section D, Paragraphs 43 and 49)
- d. Capitated or other risk subcontracts requiring claims processing by the subcontractor must be submitted to AHCCCSA, Division of Health Care Management.

DES/DDD shall maintain a fully executed original of all subcontracts which shall be accessible to AHCCCSA within two business days of request by AHCCCSA. All subcontracts shall comply with the applicable provisions of Federal and State laws, regulations and policies.

Before entering into a subcontract which delegates duties or responsibilities to a subcontractor, DES/DDD must evaluate the prospective subcontractor's ability to perform the activities to be delegated. If DES/DDD delegates duties or responsibilities to a subcontractor, then DES/DDD shall establish a written agreement that specifies the activities and reporting responsibilities delegated to the subcontractor. The written agreement shall also provide for revoking delegation or imposing other sanctions if the subcontractor's performance is inadequate. In order to determine adequate performance, DES/DDD shall monitor the subcontractor's performance on an ongoing basis and subject it to formal review according to a periodic schedule approved by AHCCCSA. As a result of the performance review, any deficiencies must be communicated to the subcontractor in order to establish a corrective action plan. The results of the performance review and the corrective action plan shall be communicated to AHCCCS.

The Program Contractor must submit annually (within 90 days from the start of the contract year) a statement whether any duties and responsibilities have been delegated to subcontractor. If duties and responsibilities have been delegated to a subcontractor the Program Contractor must submit annually (within in 90 days from the start of the contract year) a report listing the following:

- Subcontractor's name
- Delegated duties and responsibilities
- Most recent review date of the duties and responsibilities of the subcontractor
- Next scheduled review date
- Identified areas of deficiency
- Program Contractor's corrective action plan

The Program Contractor shall promptly inform AHCCCS, Division of Health Care Management, in writing if a subcontractor is in significant non-compliance that would affect their abilities to perform the duties and responsibilities of the subcontract.

DES/DDD shall ensure that compensation to entities that conduct utilization management activities is not structured so as to provide incentives for the subcontractor or provider to deny, limit, or discontinue medically necessary services to any enrollee.

DES/DDD shall not include covenant-not-to-compete requirements in its provider agreements. Specifically, DES/DDD shall not contract with a provider and require that the provider not provide services for any other AHCCCS contractor. In addition, DES/DDD shall not enter into subcontracts that contain compensation terms that differ depending upon a member's eligibility category.

DES/DDD or its subcontractors shall require any ADHS licensed or certified provider to submit their most recent ADHS licensure review, copies of substantiated complaints and other pertinent information that is available and considered to be public information from oversight agencies. DES/DDD shall ensure contracted providers comply with quality assurance measures such as supervisory visits by an RN when a home health aide is providing services.

DES/DDD must enter into a written agreement with any provider DES/DDD reasonably anticipates will be providing services on its behalf more than 25 times during the contract year. Exceptions to this requirement include the following:

- a. If a provider who provides services more than 25 times during the contract year refuses to enter into a written agreement with DES/DDD, DES/DDD shall submit documentation of such refusal to AHCCCS Division of Health Care Management within seven days of its final attempt to gain such agreement.
- b. If a provider performs emergency services such as an emergency room physician or an ambulance company, a written agreement is not required.

These and any other exceptions to this requirement must be approved by AHCCCS Division of Health Care Management.

Each subcontract must contain language that is in compliance with State contracting regulations. In addition, each subcontract must contain the following:

- a. Full disclosure of the method and amount of compensation or other consideration to be received by the subcontractor.
- b. Identification of the name and address of the subcontractor.
- c. Identification of the population, to include patient capacity, to be covered by the subcontractor.
- d. The amount, duration and scope of medical services to be provided, and for which compensation will be paid.
- e. The term of the subcontract including beginning and ending dates, methods of extension, termination and re-negotiation. Program Contractors shall give hospitals and physician groups 90 days notice prior to a contract termination without cause. Contracts between the Contractor and single practitioners are exempt from this requirement.
- f. The specific duties of the subcontractor relating to coordination of benefits and determination of third-party liability.
- g. A provision that the subcontractor agrees to identify Medicare and other third-party liability coverage and to seek such Medicare or third party liability payment before submitting claims to DES/DDD.
- h. A description of the subcontractor's patient, medical and cost record keeping system.
- i. Specification that the subcontractor shall cooperate with quality assurance programs and comply with the utilization control and review procedures specified in 42 CFR Part 456, as implemented by AHCCCSA.
- j. A provision stating that a merger, reorganization or change in ownership of a subcontractor that is related to or affiliated with DES/DDD shall require a contract amendment and prior approval of AHCCCSA.
- k. Procedures for enrollment or re-enrollment of the covered population (may also refer to the Provider Manual).
- l. A provision that the subcontractor shall be fully responsible for all tax obligations, Worker's Compensation Insurance, and all other applicable insurance coverage obligations which arise under this subcontract, for itself and its employees, and that AHCCCSA shall have no responsibility or liability for any such taxes or insurance coverage.
- m. A provision that the subcontractor must obtain any necessary authorization from DES/DDD or AHCCCSA for services provided to eligible and/or enrolled members.
- n. A provision that the subcontractor must comply with encounter reporting and claims submission requirements as described in the subcontract.
- o. Provision(s) that allow DES/DDD to suspend, deny, refuse to renew or terminate any subcontractor in accordance with the terms of this contract and applicable law and regulation.
- p. For Nursing Facility subcontracts, a provision that the subcontractor must have procedures in place to ensure that temporary nursing care registry personnel, including Nurse Aides, are properly certified and licensed before caring for members, in accordance with 42 CFR 483.75(e) 3 and (g) 2. The provision must also require the subcontractor to ensure these registry personnel are fingerprinted as required by ARS 36-411.

Subcontractor Compliance with Contract Requirements - DES/DDD shall be held fully liable for the performance of all contract requirements and shall develop and maintain a system of regular and periodic assessment of all subcontractors' compliance with its terms.

DES/DDD shall conduct onsite monitoring and performance measurement analysis of significant subcontractors, such as those subcontractors responsible for member assignment to providers, development of provider networks, prior authorization and/or claims payments (i.e., acute care subcontractors, claims processing subcontractors, behavioral health subcontractors). For these subcontractors, DES/DDD shall forward to AHCCCSA, Office of Managed Care, copies of any operational and financial reviews or audits conducted by DES/DDD for the purpose of, but not limited to, ensuring program compliance. Oversight activities shall include, but are not limited to:

- a. Review of subcontractor's adherence to contract provisions through chart review, review of reports, review of QM/UM findings and reports;
- b. Review of provider credentials;
- c. Review and assessment of adequacy of network;
- d. Review and assessment of claims payment process; and
- e. Review and analysis of subcontractor's financial viability

DES/DDD shall promptly advise AHCCCSA, Division of Health Care Management, in writing of the subcontractor's non-compliance and of corrective actions taken.

34. ADVANCE DIRECTIVES

DES/DDD shall maintain policies and procedures addressing directives for adult members that specify:

- a. Each contract or agreement with a hospital, nursing facility, home health agency, hospice or organization responsible for providing personal care must comply with federal and state law on advance directives for adult members. Requirements include:
 1. Maintaining written policies that address the rights of adult members to make decisions about medical care, including the right to accept or refuse medical care and the right to execute an advance directive. If the agency/organization has a conscientious objection to carrying out an advance directive, it must be explained in policies. (A health care provider is not prohibited from making such objection when made pursuant to ARS § 36-3205.C.1)
 2. Provide written information to adult members regarding an individual's rights under State law to make decisions regarding medical care and the health care provider's written policies concerning advance directives (including any conscientious objections).
 3. Documenting in the member's medical record as to whether the adult member has been provided the information and whether an advance directive has been executed.
 4. Not discriminating against a member because of his or her decision to execute or not execute an advance directive, and not making it a condition for the provision of care.
 5. Providing education to staff on issues concerning advance directives including notification of direct care providers of services, such as home health and personal care, of any advanced directives executed by members to whom they are assigned to provide care.
- b. DES/DDD shall require subcontracted PCP's to comply with the requirements of subparagraph a.(2) through a.(5) above. DES/DDD shall also encourage health care providers specified in subparagraph (a). to provide a copy of the member's executed advanced directive, or documentation of refusal, to the member's PCP for inclusion in the member's medical record.
- c. DES/DDD shall provide written information to adult enrollees that describe the following:
 1. A member's rights under State law, including a description of the applicable State law
 2. The organization's policies respecting the implementation of those rights, including a statement of any limitation regarding the implementation of advance directives as a matter of conscience

3. The member's right to file complaints directly with AHCCCSA
4. Changes to State law as soon as possible, but no later than 90 days after the effective date of the change

35. SPECIALTY CONTRACTS

The Director of AHCCCSA may at any time negotiate or contract on behalf of DES/DDD and AHCCCSA for specialized hospital and medical services such as organ transplants. If the Director has contracted for such specialized services, DES/DDD may be required to include such services within its delivery networks and make contractual modifications necessary to carry out this section. Specialty contracts shall take precedence over all other contractual arrangements between DES/DDD and its providers. If DES/DDD's specialty contracts are less costly than those of AHCCCSA, AHCCCSA may allow DES/DDD to continue using its specialty contractors.

During the term of specialty contracts, AHCCCSA may act as an intermediary between DES/DDD and specialty contractors to enhance the cost effectiveness of service delivery. AHCCCSA reserves the right to make direct payments to specialty contractors on behalf of DES/DDD. Adjudication of claims related to such payments provided under specialty contracts shall remain the responsibility of DES/DDD. AHCCCSA may provide technical assistance prior to the implementation of any specialty contracts.

36. HOSPITAL SUBCONTRACTING AND REIMBURSEMENT

Maricopa and Pima counties only: Effective October 1, 2003, legislation authorizes the Inpatient Hospital Reimbursement Program. The program replaces the previous Hospital Reimbursement Pilot Program, which expired September 30, 2003. The program is defined in the Arizona Revised Statutes (A.R.S.) 36-2905.01, and requires hospital subcontracts to be negotiated between DES/DDD in Maricopa and Pima counties and hospitals to establish reimbursement levels, terms and conditions for members who reside in Maricopa and Pima Counties. Subcontracts shall be negotiated by DES/DDD and hospitals to cover operational concerns, such as timeliness of claims submission and payment, payment of discounts or penalties and legal resolution, which may, as an option, include establishing arbitration procedures. These negotiated subcontracts shall remain under close scrutiny by AHCCCSA to insure availability of quality services within specific service districts, equity of related party interests and reasonableness of rates. The general provisions of this program encompass acute care hospital services and outpatient hospital services that result in an admission. DES/DDD shall submit all hospital subcontracts and any amendments to AHCCCSA, Division of Health Care Management, for prior approval. For non-emergency patient-days, DES/DDD shall ensure that at least 65% of its members use contracted hospitals. AHCCCSA reserves the right to subsequently adjust the 65% standard. Further, if in AHCCCSA's judgment the number of inpatient days at a particular non-contracted hospital becomes significant, AHCCCSA may require a subcontract at that hospital. In accordance with R9-22-718, unless otherwise negotiated by both parties, the reimbursement for inpatient services provided at a non-contracted hospital shall be based on the rates as defined in A.R.S. § 36-2903.01, multiplied by 95%.

All counties EXCEPT Maricopa and Pima: DES/DDD shall reimburse hospitals for member care in accordance with AHCCCS Rule 9 A.A.C. 22, Article 7. The Contractor must submit copies of these subcontracts, including amendments, to AHCCCSA, Office of Managed Care, at least seven days prior to the effective dates thereof.

For Out-of-State Hospitals: The Contractor shall reimburse out-of-state hospitals in accordance with 9 A.A.C. 28, Article 7. Contractors serving border communities (excluding Mexico) are strongly encouraged to establish contractual agreements with bordering out-of-state hospitals.

Hospital Recoupment: DES/DDD may conduct prepayment and postpayment medical reviews of all hospital claims including outlier claims. Erroneously paid claims are subject to recoupment. If DES/DDD fails to identify lack of medical necessity through concurrent review and/or prepayment medical review, lack of medical necessity identified during postpayment medical review shall not constitute a basis for recoupment by DES/DDD. See also Section D, Paragraph 44, Claims Payment/Health Information System. For a more

complete description of the guidelines for hospital reimbursement, please consult the Bidder's Library for applicable statutes and rules.

Outpatient Hospital Services: With passage of SB 1410 (Laws of 2004, Chapter 279), effective for dates of service on and after July 1, 2005, in absence of a contract, the default payment rate for outpatient hospital services billed on a UB-92 will be based on the AHCCCS outpatient hospital fee schedule, rather than a hospital-specific cost-to-charge ratio (pursuant to ARS 36-2904).

37. PRIMARY CARE PROVIDER STANDARDS

DES/DDD shall include in its provider network a sufficient number of PCPs to meet the requirements of this contract. Health care providers designated by DES/DDD as PCPs shall be licensed in Arizona as allopathic or osteopathic physicians who generally specialize in family practice, internal medicine, obstetrics, gynecology, or pediatrics; certified nurse practitioners or certified nurse midwives; or physician's assistants.

DES/DDD shall assess the PCP's ability to meet AHCCCS appointment availability and other standards when determining the appropriate number of its members to be assigned to a PCP. DES/DDD should also consider the PCP's total panel size (i.e. AHCCCS and non-AHCCCS patients) when making this determination. AHCCCS members shall not comprise the majority of a PCP's panel of patients. AHCCCSA shall inform DES/DDD when a PCP has a panel of more than 1,800 AHCCCS members, to assist in the assessment of the size of their panel. This information will be provided on a quarterly basis. DES/DDD will adjust the size of a PCP's panel, as needed, for the PCP to meet AHCCCS standards.

DES/DDD shall have a system in place to monitor and ensure that each member is assigned to an individual PCP and that DES/DDD's data regarding PCP assignments is current. DES/DDD is encouraged to assign members with complex medical conditions, who are age 12 and younger, to board certified pediatricians. PCP's with assigned members diagnosed with AIDS or as HIV positive, shall meet criteria and standards set forth in the *AMPM*. PCPS assigned ventilator dependent members shall ensure each member is evaluated annually by a pulmonologist to assess the prospects of weaning the member from dependency on the ventilator.

To the extent required by this contract, DES/DDD shall offer members freedom of choice within its network in selecting a PCP. DES/DDD may restrict this choice when a member has shown an inability to form a relationship with a PCP, as evidenced by frequent changes, or when there is a medically necessary reason. When a new member has been assigned to DES/DDD, DES/DDD shall inform the member in writing of his enrollment and of his PCP assignment within 12 business days of DES/DDD's receipt of notification of assignment by AHCCCSA. DES/DDD shall include with the enrollment notification a list of all DES/DDD's available PCPs, the process for changing the PCP assignment, should the member desire to do so, as well as the information required in the AHCCCS Division of Health Care Management *Member Information Policy*. DES/DDD shall confirm any PCP change in writing to the member. Members may make both their initial PCP selection and any subsequent PCP changes either verbally or in writing.

At a minimum, DES/DDD shall hold the PCP responsible for the following gatekeeping activities:

- a. Supervision, coordination and provision of care to each assigned member;
- b. Initiation of referrals for medically necessary specialty care;
- c. Maintaining continuity of care for each assigned member; and
- d. Maintaining the member's medical record, including documentation of all services provided to the member by the PCP, as well as any specialty or referral services.

Beginning in CYE '05, AHCCCSA may develop a methodology to reimburse providers, such as clinics for the homeless and school based clinics, who provide primary care services to acute care members enrolled with the

Contractor, but who are unable to fulfill the requirements to obtain a contract as a PCP. The Contractors will be responsible for payment of these services to either the clinics directly or to AHCCCSA.

DES/DDD shall establish and implement policies and procedures to monitor PCP gatekeeping activities and to ensure that PCPs are adequately notified of, and receive documentation regarding, specialty and referral services provided to assigned members by specialty physicians, and other health care professionals. DES/DDD policies and procedures shall be subject to approval by AHCCCSA, Division of Health Care Management, and shall be monitored through operational audits.

38. APPOINTMENT STANDARDS

For purposes of this section, "urgent" is defined as an acute, but not necessarily life-threatening disorder, which, if not attended to, could endanger the patient's health. DES/DDD shall have procedures in place that ensure the following standards are met:

DES/DDD shall have monitoring procedures in place that ensure:

For **PCP appointments**, DES/DDD shall be able to provide:

- a. Emergency appointments the same day or within 24 hours of the member's phone call or other notification, or as medically appropriate
- b. Urgent care appointments within two days
- c. Routine care appointments within 21 days

For **specialty referrals**, DES/DDD shall be able to provide:

- a. Emergency appointments within 24 hours of referral
- b. Urgent care appointments within 3 days of referral
- c. Routine care appointments within 45 days of referral

For **behavioral health services**, DES/DDD shall be able to provide appointments as follows:

- a. Emergency appointments within 24 hours of referral.
- b. Routine appointments within 30 days of referral.

For **dental appointments**, DES/DDD shall be able to provide:

- a. Emergency appointments within 24 hours
- b. Urgent appointments within 3 days of request
- c. Routine care appointments within 45 days of request

For **maternity care**, DES/DDD shall be able to provide initial prenatal care appointments for enrolled pregnant members as follows:

- a. First trimester- within 14 days of request
- b. Second trimester within 7 days of request
- c. Third trimester within 3 days of request
- d. High risk pregnancies within 3 days of identification of high risk by DES/DDD or maternity care provider, or immediately if an emergency exists

For **medically-necessary non-emergent transportation**, DES/DDD shall require its transportation provider to schedule the transportation so that the member arrives on time but no sooner than one hour before the appointment and does not have to wait more than one hour after making the call to be picked up after the appointment for transportation home.

DES/DDD or its subcontractors shall actively monitor provider compliance with appointment standards through methods such as "mystery shopping" and staged scenarios in an effort to reduce the unnecessary use of alternative methods of access to care such as emergency room visits. DES/DDD or its subcontractors shall actively monitor

and ensure that a member's waiting time for a scheduled appointment at the PCP's or specialist's office is no more than 45 minutes, except when the provider is unavailable due to an emergency.

DES/DDD shall have written policies and procedures about educating its provider network about appointment time requirements. DES/DDD must develop a corrective action plan when appointment standards are not met; if appropriate, the corrective action plan should be developed in conjunction with the provider. Appointment standards shall be included in the Provider Manual. DES/DDD is encouraged to include the standards in the provider subcontracts.

39. PHYSICIAN INCENTIVES

The DES/DDD must comply with all applicable physician incentive requirements and conditions defined in 42 CFR 417.479. These regulations prohibit physician incentive plans that directly or indirectly make payments to a doctor or a group as an inducement to limit or refuse medically necessary services to a member. DES/DDD is required to disclose all physician incentive agreements to AHCCCSA and to AHCCCS members who request them.

DES/DDD shall not enter into contractual arrangements that place providers at significant financial risk as defined in 42 CFR 417.479 unless specifically approved in advance by the Division of Health Care Management. In order to obtain approval, the following must be submitted to the Division of Health Care Management 45 days prior to the implementation of the contract:

1. A complete copy of the contract
2. A plan for the member satisfaction survey
3. Details of the stop-loss protection provided
4. A summary of the compensation arrangement that meets the substantial financial risk definition.

DES/DDD shall disclose to AHCCCSA the information on physician incentive plans listed in 42 CFR 417.479(h)(1) through 417.479(I) upon contract renewal, prior to initiation of a new contract, or upon request from AHCCCSA or CMS. Please refer to the "Physician Incentive Plan Disclosure by Contractors Policy" in the Bidder's Library for details on providing required disclosures.

DES/DDD shall also provide for compliance with physician incentive plan requirements as set forth in 42 CFR 422. These regulations apply to contract arrangements with subcontracted entities that provide utilization management services.

40. REFERRAL PROCEDURES AND STANDARDS

DES/DDD shall have adequate written procedures regarding referrals to specialists, to include, at a minimum, the following:

- a. Use of referral forms clearly identifying the Contractor
- b. A system for resolving disputes regarding the referrals
- c. PCP referral shall be required for specialty physician services, except that women shall have direct access to in-network GYN providers, including physicians, physician assistants and nurse practitioners within the scope of their practice, without a referral for preventive and routine services. In addition, for members with special health care needs determined to need a specialized course of treatment or regular care monitoring, DES/DDD must have a mechanism in place to allow such members to directly access a specialist (for example through a standing referral or an approved number of visits) as appropriate for the member's condition and identified needs. Any waiver of this requirement by DES/DDD must be approved in advance by AHCCCSA.
- d. Specialty physicians shall not begin a course of treatment for a medical condition other than that for which the member was referred, unless approved by the member's PCP.

- e. A process in place that ensures the member's PCP receives all specialist and consulting reports and a process to ensure PCP follow-up of all referrals including EPSDT referrals for behavioral health services
- f. A referral plan for any member who is about to lose eligibility and who requests information on low-cost or no-cost health care services
- g. Referral to Medicare HMO including payment of copayments
- h. Allow for a second opinion from a qualified health care professional within the network, or if one is not available in network, arrange for the member to obtain one outside the network, at no cost to the member.

DES/DDD shall comply with all applicable physician referral requirements and conditions defined in Sections 1903(s) and 1877 of the Social Security Act. Upon finalization of the regulations, DES/DDD shall comply with all applicable physician referral requirements and conditions defined in 42 CFR Part 411, Part 424, Part 435 and Part 455. Sections 1903(s) and 1877 of the Act prohibits physicians from making referrals for designated health services to health care entities with which the physician or a member of the physician's family has a financial relationship. Designated health services include:

- a. Clinical laboratory services
- b. Physical therapy services
- c. Occupational therapy services
- d. Radiology services
- e. Radiation therapy services and supplies
- f. Durable medical equipment and supplies
- g. Parenteral and enteral nutrients, equipment and supplies
- h. Prosthetics, orthotics and prosthetic devices and supplies
- i. Home health services
- j. Outpatient prescription drugs
- k. Inpatient and outpatient hospital services

41. MAINSTREAMING OF ALTCS MEMBERS

To ensure mainstreaming of ALTCS members, DES/DDD shall take affirmative action so that members are provided covered services without regard to payer source, race, color, creed, sex, religion, age, national origin (to include those with limited English proficiency), ancestry, marital status, sexual preference, genetic information or physical or mental handicap, except where medically indicated. DES/DDD must take into account a member's culture, when addressing members and their concerns, and must take reasonable steps to encourage subcontractors to do the same. DES/DDD must also make interpreters available to members to ensure appropriate delivery of covered services.

Examples of prohibited practices include, but are not limited to, the following, in accordance with Title VI of the US Civil Rights Act of 1964, 42 USC, Section 2001, Executive Order 13144 and rules and regulation promulgated according to, or as otherwise provided by law:

- a. Denying or not providing a member any covered service or access to an available facility.
- b. Providing to a member any medically necessary covered service which is different, or is provided in a different manner or at a different time from that provided to other members, other public or private patients or the public at large except where medically necessary.
- c. Subjecting a member to segregation or separate treatment in any manner related to the receipt of any covered service; restricting a member in any way in his or her enjoyment of any advantage or privilege enjoyed by others receiving any covered service.
- d. The assignment of times or places for the provision of services on the basis of the race, color, creed, religion, age, sex, national origin, ancestry, marital status, sexual preference, income status, AHCCCS membership, or physical or mental handicap of the participants to be served.

If DES/DDD knowingly executes a subcontract with a provider with the intent of allowing or permitting the subcontractor to implement barriers to care (i.e. the terms of the subcontract act to discourage the full utilization of services by some members), DES/DDD will be in default of its contract.

If DES/DDD identifies a problem involving discrimination by one of its providers, it shall promptly intervene and require a corrective action plan from the provider. Failure to take prompt corrective measures may place DES/DDD in default of its contract.

42. FEDERALLY QUALIFIED HEALTH CENTERS (FQHC) AND RURAL HEALTH CLINICS (RHCS)

DES/DDD is encouraged to use FQHCs/RHCs in Arizona to provide covered services and must comply with the federal mandates. Section 4712(b)(2) requires that “rates of payment between FQHCs/RHCs and MCOs shall not be less than the amount of payment for a similar set of services with a non-FQHC/RHC.” The intention of this provision is to ensure that contractors negotiate rates of payment with FQHCs/RHCs that are comparable to the rates paid to providers that provide similar services.

DES/DDD is required to submit member month information for Title XIX members for each FQHC/RHC on a quarterly basis to AHCCCSA Division of Health Care Management. AHCCCSA will perform periodic audits of the member information submitted. DES/DDD should refer to the AHCCCS Division of Health Care Management’s policy on FQHC/RHC reimbursement for further guidance. The following FQHCs/RHCs are currently recognized by CMS:

- Canyonlands Community Health Care
- Chiricahua Community Health Centers, Inc.
- Clinica Adelante, Inc.
- Community Health Center of West Yavapai
- Copper Queen Medical Associates – Bisbee, RHC
- Copper Queen Medical Associates – Douglas, RHC
- Desert Senita Community Health Center
- El Rio Health Center
- Inter-Tribal Health Care Center
- Marana Health Center
- Mariposa Community Health Center, Inc.
- Morenci Healthcare Center
- Mountain Park Health Center
- Native American Community Health Center, Inc.
- Native Americans for Community Action Family Health Center
- North Country Community Health Center
- Sun Life Family Health Center
- Sunset Community Health Center (formerly Valley Health Center, Inc.)
- United Community Health Center, Inc.

43. MANAGEMENT SERVICES SUBCONTRACTOR FINANCIAL AUDITS

All management services subcontractors are required to have an annual financial audit. A copy of this audit shall be submitted to AHCCCSA, Division of Health Care Management as described in Paragraph 33, Subcontracts, within 120 days after the subcontractor's fiscal year end. If services billed by a consultant or actuary are less than \$50,000.00 annually, AHCCCS will waive the requirement for an audit of that consultant or actuary.

44. CLAIMS PAYMENT/HEALTH INFORMATION SYSTEM

DES/DDD shall develop and maintain a claims payment system capable of processing, cost avoiding and paying claims in accordance with ARS 36-2904(H) and (J), AHCCCS Rules R9-22-705, and R9-22-709, a copy of which may be found in the Bidder's Library.

DES/DDD's claims payment system, as well as its prior authorization and concurrent review process, must minimize the likelihood of having to recoup already-paid claims. Any recoupment in excess of \$50,000 per provider within a contract year must be approved in advance by AHCCCSA, Division of Health Care Management. DES/DDD shall not recoup monies from a provider later than 12 months after the date of original payment on a clean claim without prior approval of AHCCCSA unless the recoupment is a result of fraud, reinsurance findings, data validation or audits conducted by the AHCCCSA Office of Program Integrity.

DES/DDD is required to reimburse providers for previously recouped monies if the provider was subsequently denied payment by the primary insurer based on timely filing limits or lack of prior authorization and the member failed to disclose additional insurance coverage other than AHCCCS.

Unless a subcontract specifies otherwise, Contractors **with 50,000 or more members** shall ensure that 95% of all clean claims are paid within 30 days of receipt of the clean claim and 99% are paid within 60 days of receipt of the clean claim. Unless a subcontract specified otherwise, Contractors **with fewer than 50,000 members** shall ensure that 90% of all clean claims are paid within 30 days of receipt of the clean claim and 99% are paid within 90 days of receipt of the clean claim. Additionally, unless a subcontract specifies otherwise, the Contractor shall not require providers to initially submit claims earlier than 6 months after date of service or to submit clean claims earlier than 12 months after date of service for which payment is claimed. The receipt date of the claim is the date stamp on the claim. The paid date of the claim is the date on the check or other form of payment. Claims submission deadlines shall be calculated from the date of service or the effective date of eligibility posting, whichever is later. Remittance advices accompanying DES/DDD's payments to providers must contain, at a minimum, adequate descriptions of all denials and adjustments, the reasons for such denials and adjustments, the amount billed, the amount paid, and provider rights for claim disputes.

Effective for all clean claims with dates of service October 1, 2004 and thereafter, in the absence of a contract specifying other late payment terms, DES/DDD is required to pay interest on late payments. Late claims payments are those that are paid after 45 days of receipt of the clean claim. In grievance situations, interest shall be paid back to the date interest would have started to accrue beyond the 45 day requirement. Interest shall be at the rate of ten per cent per annum, unless a different rate is contracted for in writing.

DES/DDD is required to accept HIPAA compliant electronic claims transactions from any provider interested and capable of electronic submission. In addition, Contractors shall implement and meet the following milestones in order to make claims processing and payment more efficient and timely:

- DES/DDD must be able to make claims payments via electronic funds transfer by March 1, 2005.
- DES/DDD is required to receive and pay 30 per cent of all claims (based on volume of actual claims excluding claims processed by Pharmacy Benefits Managers) electronically by July 1, 2005. If unable to meet the 30% goal by July 1, 2005, DES/DDD must submit a plan by April 1st, 2005 describing when and how they will meet the 30% goal.

The AHCCCS goal is to have all Contractors receive and pay 50 per cent of all claims (based on volume of actual claims excluding claims processed by Pharmacy Benefit Managers) electronically by October 1, 2005; 60 per cent of all claims (based on volume of actual claims excluding claims processed by Pharmacy Benefit managers) by January 1, 2006 and 75 per cent of all claims (excluding claims processed by Pharmacy Benefit Managers) by July 1, 2006.

DES/DDD shall submit a monthly Claims Processing Metrics Report to AHCCCS using the report format specified and defined by AHCCCS. The monthly report must be received by the AHCCCSA, Division of Health Care Management, no later than 15 days from the end of each month.

DES/DDD shall develop and maintain a health information system that collects, analyzes, integrates, and reports data. The system shall provide information on areas including, but not limited to, service utilization and grievance and appeals.

DES/DDD will ensure that changing information systems effecting claims processing, or any other major business component, will be accompanied by a plan which includes a timeline, milestones, and adequate testing before implementation. At least 6 months before the anticipated implementation date, the contractor shall provide the system change plan to AHCCCSA for review and comment.

45. RESERVED

46. RESERVED

47. RESERVED

48. ACCUMULATED FUND DEFICIT

DES/DDD shall fund any accumulated fund deficit through capital contributions in a form acceptable to AHCCCSA within 60 days after receipt by AHCCCSA of the final audited financial statement. The amount of any accumulated fund deficit will be determined in accordance with DES/DDD's annual audited financial statements.

49. MANAGEMENT SERVICES SUBCONTRACTORS

All proposed management services subcontracts and/or corporate cost allocation plans must be approved in advance by AHCCCSA, Division of Health Care Management. AHCCCSA reserves the right to perform a thorough review of actual management fees charged and/or corporate allocations made. If the fees or allocations are determined to be unjustified or excessive, amounts may be subject to repayment to DES/DDD. In addition, financial sanctions may be imposed.

50. ADVANCES, DISTRIBUTIONS, LOANS AND INVESTMENTS

DES/DDD shall not, without the prior approval of AHCCCSA, make any advances to a related party or subcontractor. DES/DDD shall not, without similar prior approval, make any distribution, loan or loan guarantee to any entity, including another fund or line of business within its organization. All investments, other than investments in U.S. Government securities or Certificates of Deposit, also require AHCCCSA prior approval. All requests for prior approval are to be submitted to the AHCCCS Division of Health Care Management.

51. RESERVED

52. FINANCIAL PERFORMANCE GUIDELINES

AHCCCS has established the following financial performance guidelines. These guidelines will be monitored by AHCCCSA on a quarterly basis as part of AHCCCSA's due diligence in financial statement monitoring. Sanctions may not be imposed if DDD does not meet the performance guidelines, however, if guidelines are consistently not met, additional monitoring, such as monthly reporting, may be required.

Performance Guidelines

Medical Expense Ratio

Standard: At least 85%

Total medical expense and case management (net of reinsurance, TPL, HIV/AIDS Supplement) divided by total capitation

Total Administrative Cost Percentage

Standard: No more than 10%

(Total administrative expenses, (excluding case management and income taxes) divided by total capitation + TPL +reinsurance + HIV/AIDS supplement

Received But Unpaid Claims Days Outstanding

Standard: No more than 30 days

(Received but unpaid claims divided by the average daily medical expenses for the period, net of sub-capitation expense)

53. RESERVED**54. RESERVED****55. RELATED PARTY TRANSACTIONS**

Any proposed subcontract involving a related party or entity requires prior approval from AHCCCSA, Division of Health Care Management. The minimum information required on ownership and control in related party transactions is set by federal law (42 CFR 455.100 through 455.106) and DES/DDD shall disclose all required information, justify all related party transactions reported, and certify the accuracy and completeness of the disclosures made. DES/DDD shall demonstrate that transactions occurring between the provider and a related party-in-interest are reasonable, will not adversely affect the fiscal soundness of DES/DDD, and do not present a conflict of interest.

56. COMPENSATION

Capitation Payments: DES/DDD shall be compensated on a capitated basis using two cost-based rates: Ventilator and Non-Ventilator. Awarded capitation rates will be effective for the period January 1, 2005 through June 30, 2005. Actuaries established the capitation rates using practices established by the Actuarial Standards Board. AHCCCS provides the following data to its actuaries for the purposes of rebasing the capitation rates:

- a. Utilization and unit cost data derived from reported encounters
- b. Audited financial statements reported by DES/DDD
- c. HCBS and Institutional trends inflation trends
- d. AHCCCS fee-for-service schedule pricing adjustments
- e. Programmatic changes that affect reimbursement
- f. Additional administrative requirements for DES/DDD
- g. Other changes to medical practices that affect reimbursement

AHCCCS adjusts its rates to best match payment to risk. This further ensures the actuarial basis of the capitation rates.

The above information is reviewed by AHCCCS' actuaries in renewal years to determine if adjustments are necessary to maintain actuarially sound rates. DES/DDD may cover services for members that are not covered under the State Plan; however those services are not included in the data provided to actuaries for setting capitation rates.

The Non-Ventilator rate includes an assumed cost per member per month for DES/DDD to provide reinsurance to its subcontracted health plans. This will be considered full reimbursement for all reinsurance

cases of \$100,000 or less. For reinsurance claims of over \$100,000, DES/DDD will be reimbursed at 75% of the allowable charges over the deductible limit of \$100,000. Reinsurance covers acute hospitalizations only. AHCCCSA will use inpatient encounter information to determine the reinsurance payable to DES/DDD.

The Ventilator rate includes the provision of an annual evaluation. Each ventilator dependent member shall have an annual evaluation by a pulmonologist to assess the prospects of weaning the member from dependency on the ventilator. Members who meet the 30 day ventilator dependency requirement will be enrolled in the Ventilator Dependent Program effective day one (1) of the ventilator dependency.

Subject to the availability of funds, AHCCCSA shall make payments to DES/DDD in accordance with the terms of this contract provided that DES/DDD's performance is in compliance with the terms and conditions of this contract. Payment must comply with requirements of ARS Title 36. AHCCCSA reserves the option to make payments to DES/DDD by wire or NACHA (National Automated Clearing House Association) transfer and will provide DES/DDD at least 30 days notice prior to the effective date of any such change. Where payments are made by electronic funds transfer, AHCCCSA shall not be liable for any error or delay in transfer nor indirect or consequential damages arising from the use of the electronic funds transfer process. Capitation payments will be made no later than the fifth business day of the month for which the payment is due, dependent on the availability of sufficient state match funds.

All funds received by DES/DDD pursuant to this contract shall be separately accounted for in accordance with generally accepted accounting principles.

Federal Financial Participation is not available for amounts expended for providers excluded by Medicare, Medicaid, or S-CHIP, except for emergency services.

Except for funds received from the collection of permitted copayments and third-party liabilities, the only source of payment to DES/DDD for the services provided hereunder is the Arizona Health Care Cost Containment System Fund, as described in ARS §36-2913. An error discovered by the State, with or without an audit, in the amount of fees paid to DES/DDD will be subject to adjustment or repayment by DES/DDD making a corresponding decrease in a current payment or by making an additional payment to DES/DDD.

DES/DDD or its subcontractors shall collect any required copayment from members but service will not be denied for inability to pay the copayment. Except for permitted copayments, DES/DDD or its subcontractors shall not bill or attempt to collect any fee from, or for, a member for the provision of covered services. Any required copayments collected shall belong to DES/DDD or its subcontractors.

HIV-AIDS Supplement: On a quarterly basis, the Contractor shall submit to AHCCCSA, Division of Health care Management, an unduplicated monthly count of members, by rate code, who are using approved HIV/AIDS drugs. The report shall be submitted, along with the quarterly financial reporting package, within 60 days after the end of each quarter. The rate of reimbursement for this separate per member per month payment is specified in Section B and is subject to review during the term of the contract. AHCCCSA reserves the right to recoup any amounts paid for ineligible members as well as an associated penalty for incorrect encounter reporting.

Refer to the Division of Health Care Management's HIV/AIDS supplemental payment and review policies for further details and requirements.

Liability for Payment: DES/DDD must ensure that members are not held liable for:

- a. DES/DDD or subcontractor's debts in the event of DES/DDD or subcontractor's insolvency;
- b. covered services provided to the member, for which AHCCCS does not pay DES/DDD and DES/DDD does not pay subcontractors; or

- c. payments to DES/DDD or subcontractors for covered services furnished under a contract, referral or other arrangement, to the extent that those payments are in excess of the amount the member would owe if DES/DDD or the subcontractor provided the services directly.

57. ANNUAL SUBMISSION OF BUDGET

DES/DDD shall submit to AHCCCSA, by July 31st of each renewal year, an estimate of the cost of serving members in each sub-program area for the prospective contract year. In addition, DES/DDD shall submit budget estimates of acute medical care costs, case management costs and the costs of serving Ventilator Dependent clients. This will include the cost of outpatient and day services as well as the cost of residential services. The cost estimates must be fully supported by documentation stating the nature of the costs and the methods and data used to develop the estimates. These cost estimates will be utilized by AHCCCS in preparation of the request of Federal Funds Expenditure Authority for the DES/DDD program in the AHCCCS HCFA-37.

If at any time during the term of this contract DES/DDD determines that its funding is insufficient, it shall notify AHCCCSA in writing and shall include in the notification recommendations on resolving the shortage. DES/DDD, with AHCCCSA, may request additional money from the Governor's Office of Strategic Planning and Budgeting.

Behavioral Health Services: AHCCCSA will transfer to ADHS, on behalf of DES/DDD, the capitation rate for behavioral health services to Title XIX DES/DDD ALTCS members. ADHS shall be responsible for the state match for Title XIX ALTCS behavioral health expenditures. AHCCCSA shall provide DES/DDD with a copy of each transfer of federal funds made to ADHS, as well as a roster of those eligible persons for which capitation payments were made. DES/DDD shall use the daily and monthly behavioral health rosters provided by AHCCCSA to review and validate eligible persons.

Requests for FFP: Requests for federal financial participation (FFP) from DES/DDD and the pass through of these funds to DES/DDD from AHCCCSA shall both adhere to the mandatory Cash Management Improvement Act (CMIA) of 1990 as established by the General Accounting Office of the Arizona Department of Administration (GAO/ADOA).

DES/DDD receives legislative appropriations for DD Title XIX services. DES/DDD shall, by July 1st on an annual basis, transfer to AHCCCSA the total amount appropriated for the state match for Title XIX ALTCS expenditures. This transfer shall be made, in its entirety, prior to the first Title XIX disbursement. AHCCCSA shall deposit the monies transferred into an Intergovernmental Agreement (IGA) Fund of which AHCCCSA shall have sole disbursement authority.

When AHCCCSA draws FFP for qualifying DES/DDD disbursements, AHCCCSA will also withdraw the appropriate state match from the IGA Fund and disburse both the FFP and the state match to DES/DDD. AHCCCSA shall only draw FFP when sufficient state match funds are available. If AHCCCSA determines that additional monies are required, AHCCCSA shall notify DES/DDD that additional monies must be deposited into the IGA Fund prior to making additional Title XIX disbursements. If at the end of a fiscal year, and after the close of any administrative adjustments as defined in ARS § 35-190 - 191, monies remain in the IGA Fund, AHCCCSA shall notify DES/DDD and transfer these monies back to DES/DDD. If it is determined that excessive funds exist in the IGA Fund, DES/DDD may request a withdrawal of monies prior to the end of a state fiscal year and/or prior to the close of the administrative adjustment period.

58. REINSURANCE

Regular Reinsurance: Reinsurance is a stop-loss program provided by AHCCCSA to DES/DDD for the partial reimbursement of covered medical services as described in this paragraph and incurred for a member beyond an annual deductible. AHCCCSA is self-insured for the reinsurance program and is characterized by an initial deductible level and a subsequent coinsurance percentage. The coinsurance percent is the rate at which AHCCCSA will reimburse DES/DDD for covered services incurred above the deductible. The deductible is the responsibility of the DES/DDD. Deductible levels are subject to change by AHCCCSA during the term of this contract. Any change would have a corresponding impact on capitation rates.

DES/DDD will be reimbursed at 75% of the allowable charges over the deductible limit of \$100,000 for regular inpatient reinsurance claims. Reinsurance covers acute inpatient hospitalizations only. Reimbursement for these reinsurance benefits will be made to DES/DDD each month.

Catastrophic Reinsurance: The reinsurance program includes a special Catastrophic Reinsurance program. This program encompasses members diagnosed with hemophilia, von Willebrand's Disease, and Gaucher's Disease. For additional detail and restrictions refer to the *AHCCCSA Reinsurance Claims Processing Manual* and the *AMPM*. There are no deductibles for catastrophic reinsurance cases. All medically necessary covered services provided during the contract year shall be eligible for reimbursement at 85% of DES/DDD's paid amount. All catastrophic claims are subject to medical review by AHCCCSA.

Effective October 1, 2000, DES/DDD will be reimbursed 100% for medically necessary expenses provided in a contract year, after a catastrophic reinsurance case reaches \$650,000. This additional reimbursement will limit DES/DDD's medical expenses to \$97,500 per catastrophic case.

DES/DDD shall notify AHCCCSA, Division of Health Care Management, Reinsurance Unit, of cases identified for catastrophic reinsurance coverage within 30 days of (a) initial diagnosis, (b) enrollment with DES/DDD, and (c) the beginning of each contract year. Catastrophic reinsurance will be paid for a maximum 30-day retroactive period from the date of notification to AHCCCSA. The determination of whether a case or type of case is catastrophic shall be made by the Director or designee based on the following criteria: 1) severity of medical condition, including prognosis; and 2) the average cost or average length of hospitalization and medical care, or both, in Arizona for the type of case under consideration.

Hemophilia: Catastrophic reinsurance is available for all members diagnosed with Hemophilia (ICD9 codes 286.0, 286.1, 286.2)

von Willebrand's Disease: Catastrophic reinsurance coverage is available for all members diagnosed with von Willebrand's Disease who are non-DDAVP responders and dependent on Plasma Factor VIII.

Gaucher's Disease: Catastrophic reinsurance is available for members diagnosed with Gaucher's Disease classified as Type I, and are dependent on enzyme replacement therapy.

Transplants: This program covers members who are eligible to receive covered major organ and tissue transplantation including bone marrow, heart, heart/lung, lung liver kidney and other organ transplantation. Bone grafts and cornea transplantation services are not eligible for transplant reinsurance coverage but are eligible under the regular inpatient reinsurance program. Refer to the *AMPM* for covered services for organ and tissue transplants. Reinsurance coverage for transplants is limited to 85% of the AHCCCS contract amount for the transplantation services rendered, or 85% of DES/DDD's paid amount, whichever is lower. The AHCCCS contracted transplantation rates may be found in the Bidder's Library. When a member is referred to a transplant facility for an AHCCCS covered organ transplant, DES/DDD shall notify AHCCCSA, Division of Health Care Management.

Encounter Submission and Payments for Reinsurance

- a) ***Encounter Submission:*** DES/DDD shall prepare, review, verify, certify and submit, encounters for consideration to AHCCCSA. Upon submission, DES/DDD certifies that the services listed were actually rendered. The encounters must be submitted in the format prescribed by AHCCCSA. DES/DDD must initiate and evaluate an encounter for probable 1st and 3rd party liability before submitting the encounter for reinsurance consideration, unless the encounter involves underinsured or uninsured liability insurance, 1st and 3rd party liability insurance or a tortfeasor.

DES/DDD must maintain evidence that costs incurred have been paid by DES/DDD before submitting reinsurance encounters. This information is subject to AHCCCSA review. Collections from 1st and 3rd parties should be reflected by DES/DDD as reductions in the encounters submitted on a dollar-for-dollar basis. For purposes of AHCCCSA reinsurance, payments made by DES/DDD purchased reinsurance are not considered 1st and 3rd party collections.

All reinsurance claims must reach a clean status within fifteen months from the end date of service, or date of eligibility posting, whichever is later.

- b) ***Encounter Processing:*** AHCCCSA will accept for processing only those encounters that are submitted directly by DES/DDD and that comply with the AHCCCS Encounter Reporting User Manual.
- c) ***Payment of Regular Reinsurance Cases:*** AHCCCSA will reimburse DES/DDD for costs incurred in excess of the applicable deductible level, subject to coinsurance percentages. Amounts in excess of the deductible level shall be paid based upon costs paid by the DES/DDD, minus the coinsurance unless the costs are paid under a subcapitated arrangement. In subcapitated arrangements, the Administration shall base reimbursement of reinsurance encounters on the lower of the AHCCCS allowed amount or the reported health plan paid amount, minus the coinsurance and Medicare/TPL payment and applicable quick pay discounts.

Reimbursement for these reinsurance benefits will be made to DES/DDD each month. AHCCCSA will also provide a reconciliation of reinsurance payments in the case where encounters used in the calculation of reinsurance benefits are subsequently adjusted or voided.

- d) ***Payment of Transplant Reinsurance Cases:*** Reinsurance benefits are based upon the lower of the AHCCCS contract amount or the DES/DDD's paid amount, subject to coinsurance percentages. Effective for dates of service on or after October 1, 2004, DES/DDD is required to submit all supporting service encounters for transplant services. Reinsurance payments will be linked to transplant encounter submissions. Please refer to the Reinsurance Claims Processing Manual for appropriate billing of transplant services. Reimbursement for these reinsurance benefits will be made to DES/DDD each month.

Reinsurance Audits

Pre-audit: Medical audits on prospective and prior period coverage reinsurance cases will be determined based on statistically valid retrospective random sampling. For closed contracts, a 100% audit will be conducted. AHCCCSA, Division of Health Care Management, Reinsurance Unit, will generate the sampling and will notify DES/DDD of documentation needed for the retrospective medical audit process to occur at DES/DDD's offices.

On-Site Audits: AHCCCSA will give DES/DDD at least 45 days advance notice of any on-site audit. DES/DDD shall have all requested medical records and financial documentation on-site and available to the nurse auditors. Any documents not requested in advance by AHCCCSA shall be made available upon request of the Audit Team during the course of the audit. A DES/DDD representative shall be available to the Audit Team at all times during AHCCCSA on-site audit activities. While on-site, DES/DDD shall provide the Audit Team with workspace, access to a telephone, electrical outlets and privacy for conferences.

Audit Considerations: Reinsurance consideration will be given to inpatient facility contracts and hearing decisions rendered by the Office of Legal Assistance. Pre-hearing and/or hearing penalties discoverable during the review process will not be reimbursed under reinsurance.

Audit Determinations: DES/DDD will be furnished a copy of the Reinsurance Post-Audit Results letter approximately 60 days after the onsite audit and given an opportunity to comment and provide additional medical or financial documentation on any audit findings. AHCCCSA may limit reinsurance reimbursement to a lower or alternative level of care if the Director or designee determines that the less costly alternative could and should have been used by DES/DDD. A recoupment of reinsurance reimbursements made to DES/DDD may occur based on the results of the medical audit sampling. The results of the medical audit sampling may be separately extrapolated to the entire prospective and prior period coverage reinsurance reimbursement populations in the audit timeframe for DES/DDD.

In the event that a reinsurance case is reduced or denied, DES/DDD shall be notified in writing by AHCCCSA and will be informed of the cause for the reduction or denial determination and the applicable grievance and appeal process available. AHCCCS reserves the right to sanction DES/DDD for reinsurance audit exceptions.

59. CAPITATION ADJUSTMENTS

Except for changes made specifically in accordance with this contract, the rates set forth in Section B shall not be subject to re-negotiation or modification during the contract period. AHCCCSA may, at its option, review the effect of a program change and determine if a capitation adjustment is needed. In these instances the adjustment will be prospective with assumptions discussed with DES/DDD prior to modifying capitation rates. DES/DDD may request a review of a program change if it believes the program change was not equitable; AHCCCSA will not unreasonably withhold such a review.

If DES/DDD is in any manner in default in the performance of any obligation under this contract, AHCCCSA may, at its option and in addition to other available remedies, adjust the amount of payment until there is satisfactory resolution of the default. DES/DDD shall reimburse AHCCCSA and/or AHCCCSA may deduct from future monthly capitation for any portion of a month during which DES/DDD was not at risk due to, for example:

- a. death of a member
- b. member's incarceration (not eligible for AHCCCS benefits from date of incarceration)
- c. duplicate capitation paid for the same member
- d. adjustment based on change in member's contract type

If a member is enrolled twice with DES/DDD, recoupment will be made as soon as the double capitation is identified. AHCCCSA reserves the right to modify its policy on capitation recoupments at any time during the term of this contract.

60. MEMBER SHARE OF COST

ALTCS members are required to contribute toward the cost of their care based on their income and type of placement. Some members, either because of their limited income or the methodology used to determine the share of cost, have a share of cost in the amount of \$0.00. Generally, only institutionalized ALTCS members have a share of cost; however, certain HCBS ALTCS members may be liable for a share of cost, particularly those who become eligible through a special treatment income trust.

DES/DDD receives monthly capitation payments which incorporate an assumed deduction for the share of cost which members contribute to the cost of care. DES/DDD is responsible for collecting their members' share of cost. DES/DDD has the option of collecting the share of cost or delegating this responsibility to the provider.

DES/DDD may transfer this responsibility to nursing facilities, Institutions for Mental Disease for those 65 years of age and older, or Inpatient Psychiatric Facilities for those under 21 years of age, and compensate these facilities net of the share of cost amount. If DES/DDD delegates this responsibility to the provider, the provider contract must spell out complete details of both parties' obligations in share of cost collection. DES/DDD must establish a process for collecting the share of cost from HCBS members when a share of cost is assessed, including the transfer of collection responsibility to the HCBS provider. DES/DDD or its subcontractors shall not assess late fees for the collection of the share of cost from members.

61. COPAYMENTS

. ALTCS members are not required to make copayments for services.

62. PEDIATRIC IMMUNIZATION AND THE VACCINE FOR CHILDREN PROGRAM

Through the Vaccine for Children (VFC) program the federal and state governments purchase, and make available to providers free of charge, vaccines for AHCCCS children under age 19. If vaccines are not available through the VFC Program, DES/DDD shall contact AHCCCS, Office of Medical Management, Clinical Quality Management Unit. Therefore, DES/DDD shall not utilize AHCCCS funding to purchase vaccines for members under the age of 19. Any provider licensed by the State to administer immunizations may register with ADHS as a "VFC provider" and receive free vaccines. DES/DDD shall not reimburse providers for the administration of vaccines in excess of the maximum allowable as set by CMS. DES/DDD shall comply with all VFC requirements and monitor its providers to ensure that, if providing immunizations to AHCCCS members under the age of 19, the providers are registered with ADHS/VFC. (*AHCCCS Medical Policy Manual*, 430)

Arizona State law requires the reporting of all immunizations given to children under the age of 19. Immunizations must be reported at least monthly to the ADHS. Reported immunizations are held in a central database known as ASIIS (Arizona State Immunization Information System), which can be accessed by providers to obtain complete, accurate immunization records. Software is available from ADHS to assist providers in meeting this reporting requirement. Contractors are encouraged to educate their provider network about these reporting requirements and the use of this urce.

63. COORDINATION OF BENEFITS/THIRD PARTY LIABILITY

By law, AHCCCSA is the payer of last resort. This means AHCCCSA shall be used as a source of payment for covered services only after all other sources of payment have been exhausted. The two methods used in the coordination of benefits are cost avoidance and post payment recovery. DES/DDD shall use these methods as described in A.A.C. R9-22-1003, A.A.C. R9-22-1005, A.A.C. R9-22-1009. (See also Section D, Paragraph 64, Medicare Services and Cost Sharing).

DES/DDD shall notify AHCCCSA's authorized representative within 10 business days of identifying a third-party liability case with reinsurance or fee for service payments made by AHCCCS. Failure to report these cases may result in one of the remedies specified in Section D, Paragraph 80, Sanctions. DES/DDD shall communicate any known change in health insurance information, including Medicare, to AHCCCS Administration, Division of Member Services, not later than 10 days from the date of discovery using the approved AHCCCS Third-Party Coverage Form.

Cost Avoidance: DES/DDD shall cost-avoid all claims or services that are subject to third-party payment and may deny a service to a member if it knows that a third party (i.e. other insurer) will provide the service. However, if a third-party insurer (other than Medicare) requires the member to pay any copayment, coinsurance or deductible, DES/DDD is responsible for making these payments, even if the services are provided outside of DES/DDD's network. DES/DDD's liability for copayments, coinsurance and deductibles is limited to what DES/DDD would have paid for the entire service pursuant to a written contract with the provider or the AHCCCS fee-for-service rate, less any amount paid by the third party. (DES/DDD must decide whether it is more cost-effective to provide the service within its network or pay coinsurance and deductibles for a service outside its network. For continuity of care, DES/DDD may also choose to provide

the service within its network.) If DES/DDD refers the member for services to a third-party insurer (other than Medicare), and the insurer requires payment in advance of all copayments, coinsurance and deductibles, DES/DDD must make such payments in advance.

If DES/DDD knows that the third party insurer will neither pay for nor provide the covered service, and the service is medically necessary, DES/DDD shall not deny the service nor require a written denial letter. If DES/DDD does not know whether a particular service is covered by the third party, and the service is medically necessary, DES/DDD shall contact the third party and determine whether or not such service is covered rather than requiring the member to do so.

The requirement to cost-avoid applies to all AHCCCS covered services. For prenatal care and preventive pediatric services, AHCCCS may require DES/DDD to provide such service and then coordinate payment with the potentially liable third party (“pay and chase”). In emergencies, DES/DDD shall provide the necessary services and then coordinate payment with the third-party payer. DES/DDD shall also provide medically necessary transportation so the member can receive third-party benefits. Further, if a service is medically necessary, DES/DDD shall ensure that its cost avoidance efforts do not prevent a member from receiving such service and that the member shall not be required to pay any coinsurance or deductibles for use of the other insurer’s providers.

Postpayment Recoveries: Postpayment recovery is necessary in cases where DES/DDD was not aware of third-party coverage at the time services were rendered or paid for, or was unable to cost-avoid. DES/DDD shall identify, through the use of trauma code edits, utilizing diagnostic codes 799.9 and 800 to 999.9 (excluding code 994.6) and other procedures, all potentially liable third parties and pursue reimbursement from them except in the circumstances below. DES/DDD shall not pursue reimbursement in the following circumstances unless the case has been referred to DES/DDD by AHCCCSA or AHCCCSA’s authorized representative:

Uninsured/underinsured motorist insurance	Restitution Recovery
First-and third-party liability insurance	Worker’s Compensation
Tortfeasors, including casualty	Estate recovery
Special Treatment Trusts recovery	

DES/DDD shall report any cases involving the above circumstances to AHCCCSA’s authorized representative should DES/DDD identify such a situation. See AHCCCS Rule 9 A.A.C. 28, Article 10. DES/DDD shall cooperate with AHCCCSA’s authorized representative in all collection efforts. In joint cases involving both AHCCCS fee-for-service or reinsurance and DES/DDD, AHCCCSA’s authorized representative is responsible for performing all research, investigation and payment of lien-related costs, subsequent to the referral of any and all relevant case information to AHCCCSA’s authorized representative by DES/DDD. AHCCCSA’s authorized representative is also responsible for negotiating and acting in the best interest of all parties to obtain a reasonable settlement in joint cases and may compromise a settlement in order to maximize overall reimbursement, net of legal and other costs. DES/DDD will be responsible for their prorated share of the contingency fee. The Contractor’s share of the contingency fee will be deducted from the settlement proceeds prior to AHCCCSA remitting the settlement to DES/DDD. For total plan cases involving only payments from DES/DDD, DES/DDD is responsible for performing all research, investigation, the mandatory filing of initial liens on cases that exceed \$250, lien amendments, lien releases and payment of other related costs in accordance with A.R.S. 36-2915 and A.R.S. 36-2916. DES/DDD shall use the AHCCCS approved casualty recovery correspondence when filing liens and when corresponding to others in regard to casualty recovery.

DES/DDD may retain up to 100% of its third-party collections if all of the following conditions exist:

- a. Total collections received do not exceed the total amount of DES/DDD’s financial liability for the member

- b. There are no payments made by AHCCCS related to fee-for-service, reinsurance or administrative costs (i.e. lien filing and contingency fees, etc.)
- c. Such recovery is not prohibited by State or Federal law

Reporting: DES/DDD may be required to report case level detail of third-party collections and cost avoidance, including number of referrals on total plan cases. In addition, upon AHCCCSA's request, DES/DDD shall provide an electronic extract of the Casualty cases, including open and closed cases. Data elements include, but are not limited to: the member's first and last name; AHCCCS ID; date of incident; claimed amount; paid/recovered amount; and case status. The AHCCCSA TPL Section shall provide the format and reporting schedule for this information to DES/DDD. Prior to negotiating a settlement on a total plan case, the Contractor shall notify AHCCCS to ensure that there is no reinsurance or fee for service payments that have been made by AHCCCS.

AHCCCSA will provide DES/DDD, on an agreed upon schedule, with a complete file of all third-party coverage information (other than Medicare) for the purpose of updating DES/DDD's files. DES/DDD shall notify AHCCCSA of any known changes in coverage within deadlines and in a format prescribed by AHCCCSA.

Contract Termination: Upon termination of this contract, DES/DDD will complete the existing third party liability cases or make any necessary arrangements to transfer the cases to AHCCCSA's authorized TPL representative.

64. MEDICARE SERVICES and COST SHARING

AHCCCS has members enrolled who are eligible for both Medicaid and Medicare. These members are referred to as “dual eligible”. Generally, DES/DDD is responsible for payment of Medicare coinsurance and/or deductibles for covered services provided to dual eligible members within DES/DDD’s network. However, there are different cost sharing responsibilities that apply to dual eligible members based on a variety of factors. Unless prior approval is obtained from AHCCCSA, DES/DDD must limit their cost sharing responsibility according to the AHCCCS *Medicare Cost Sharing* policy.

DES/DDD shall have no cost sharing obligation if the Medicare payment exceeds what DES/DDD would have paid for the same service of a non-Medicare member.

65. RESERVED

66. MEMBER SURVEYS

Unless waived by AHCCCSA, DES/DDD shall perform its own annual general or focused member survey. All such surveys, along with a timeline for the project, must be approved in advance by AHCCCSA. Results, analysis and improved strategies shall be communicated to AHCCCSA Division of Health Care Management, ALTCS Operations Unit within 45 days of completion. AHCCCSA may require inclusion of certain questions. DES/DDD is required to include questions related to case manager performance, appointment waiting time, transportation wait times and culturally competent treatment on member surveys and to use personnel other than the case manager to administer the survey.

AHCCCSA may periodically conduct a survey of a representative sample of DES/DDD's membership. AHCCCSA will consider suggestions from DES/DDD for questions to be included in this survey. The results of these surveys will become public information and available to all interested parties upon request.

67. PATIENT TRUST ACCOUNT MONITORING

DES/DDD shall have a policy regarding on-site monitoring of trust fund accounts for institutionalized members to ensure that expenditures from a member’s trust fund comply with federal and state regulations. Suspected incidents of fraud involving the management of these accounts must be reported in accordance with Section D, Paragraph 70, Corporate Compliance.

If DES/DDD identifies a patient trust account combined with other resources will exceed the \$2,000 resource limit or a balance nearing that limit, they should submit a Member Change Request (MCR) to the ALTCS eligibility office.

68. ADA COMPLIANCE

DES/DDD shall meet all applicable American with Disabilities Act (ADA) requirements when providing services to members.

69. CULTURAL COMPETENCY

DES/DDD shall have a Cultural Competency Plan which meets the requirement of the AHCCCS Cultural Competency Policy. An annual assessment of the effectiveness of the plan, along with any modifications to the plan, must be submitted to the AHCCCS Division of Health Care Management, ALTCS Operations Unit, no later than 45 days after the start of each contract year.  Plan should address all services and settings, *i.e.*, attendant care, assisted living facilities, *etc.*

DES/DDD shall ensure compliance with the cultural competency plan and all requirements pertaining to Limited English Proficiency.

70. CORPORATE COMPLIANCE

In accordance with A.R.S. Section 36-2918.01, DES/DDD is required to notify the AHCCCS, Office of Program Integrity immediately of all suspected fraud or abuse. DES/DDD agrees to promptly (within ten business days of discovery) inform the Office of Program Integrity in writing of instances of suspected fraud or abuse. This shall include acts of suspected fraud or abuse that were resolved internally but involved AHCCCS funds, contractors or sub-contractors.

As stated in A.R.S. Section 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises, or material omissions is guilty of a Class 2 felony.

DES/DDD agrees to permit and cooperate with any onsite review. A review by the AHCCCS, Office of Program Integrity may be conducted without notice and for the purpose of ensuring program compliance. The Program Contractor also agrees to respond to electronic, telephonic or written requests for information within the timeframe specified by the AHCCCS Administration.

DES/DDD shall be in compliance with 42 CFR 438.608. DES/DDD must have a mandatory compliance program, supported by other administrative procedures, that is designed to guard against fraud and abuse. The Program Contractor shall have written criteria for selecting a Compliance Officer and job description that clearly outlines the responsibilities and authority of the position. The Compliance Officer shall have the authority to assess records and independently refer suspected member fraud, provider fraud and member abuse cases to AHCCCS, Office of Program Integrity or other duly authorized enforcement agencies.

The compliance program, which shall both prevent and detect suspected fraud or abuse, must include:

1. Written policies, procedures, and standards of conduct that articulate the organization's commitment to and processes for complying with all applicable federal and state standards.
2. The written designation of a compliance committee who are accountable to DES/DDD's top management.
3. The Compliance Officer must be an onsite management official who reports directly to DES/DDD's top management. Any exceptions must be approved by AHCCCSA.
4. Effective training and education.
5. Effective lines of communication between the compliance officer and the organization's employees.
6. Enforcement of standards through well-publicized disciplinary guidelines.
7. Provision for internal monitoring and auditing.
8. Provision for prompt response to problems detected.
9. A Compliance Committee which shall be made up of, at a minimum, the Compliance Officer, a budgetary official and other executive officials with the authority to commit resources. The Compliance Committee will assist the Compliance Officer in monitoring, reviewing and assessing the effectiveness of the compliance program and timeliness of reporting.

DES/DDD is required to research potential overpayments identified by the AHCCCS, Office of Program Integrity. After conducting a cost benefit analysis to determine if such action is warranted, DES/DDD should attempt to recover any overpayments identified. The AHCCCS Office of Program Integrity shall be advised of the final disposition of the research and advised of actions, if any, taken by DES/DDD.

71. RECORDS RETENTION

DES/DDD shall maintain books and records relating to covered services and expenditures including reports to AHCCCSA and working papers used in the preparation of reports to AHCCCSA. DES/DDD shall comply with all specifications for record keeping established by AHCCCSA. All books and records shall be maintained to the extent and in such detail as required by AHCCCS Rules and policies. Records shall include but not be limited to financial statements, records relating to the quality of care, medical records, prescription files and other records specified by AHCCCSA.

DES/DDD shall make available at its office at all reasonable times during the term of this contract and the period set forth in paragraphs a. and b. below any of its records for inspection, audit or reproduction by any authorized representative of AHCCCSA, State or federal government. DES/DDD shall be responsible for any costs associated with the production of requested information.

DES/DDD shall preserve and make available all records for a period of five years from the date of final payment under this contract except as provided in paragraphs a. and b. below:

- a. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.
- b. Records which relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCSA, shall be retained by DES/DDD for a period of five years after the date of final disposition or resolution thereof.

72. DATA MANAGEMENT

DES/DDD shall have the capability for all required technical interfaces with AHCCCSA. Refer to the *AHCCCS Technical Interface Guidelines* in the Bidder's Library for further information. A copy of these guidelines will be provided to DES/DDD upon contract award.

73. DATA EXCHANGE REQUIREMENT

DES/DDD is authorized to exchange data with AHCCCSA relating to the information requirements of this contract and as required to support the data elements to be provided AHCCCSA in the formats prescribed by AHCCCSA and in formats prescribed by the Health Insurance Portability and Accountability Act (HIPAA). Details for the formats may be found in the draft *HIPAA Transaction Companion Documents & Trading Partner Agreements*, and in the *AHCCCS Technical Interface Guidelines*, available online and in the Bidder's Library.

The information so recorded and submitted to AHCCCSA shall be in accordance with all procedures, policies, rules, or statutes in effect during the term of this contract. If any of these procedures, policies, rules, regulations or statutes are hereinafter changed both parties agree to conform to these changes following appropriate notification to both parties by AHCCCSA.

DES/DDD is responsible for any incorrect data, delayed submission or payment (to the DES/DDD or its subcontractors), and/or penalty applied due to any error, omission, deletion, or erroneous insert caused by DES/DDD-submitted data. Any data that does not meet the standards required by AHCCCSA shall not be accepted by AHCCCSA.

DES/DDD is responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCSA. If any unreported inconsistencies are subsequently discovered, DES/DDD shall be responsible for the necessary adjustments to correct its records at its own expense.

DES/DDD shall accept from AHCCCSA original evidence of eligibility and enrollment in a form appropriate for electronic data exchange. Upon request by AHCCCSA, DES/DDD shall provide to AHCCCSA updated date-sensitive PCP assignments in a form appropriate for electronic data exchange.

DES/DDD shall be provided with a DES/DDD -specific security code for use in all data transmissions made in accordance with contract requirements. Each data transmission by the DES/DDD shall include DES/DDD 's security code. DES/DDD agrees that by use of its security code, it certifies that any data transmitted is accurate and truthful, to the best of DES/DDD's Chief Executive Officer, Chief Financial Officer or designee's knowledge.

The costs of software changes are included in administrative costs paid to DES/DDD. There is no separate payment for software changes. A PMMIS systems contact will be assigned after contract award. AHCCCSA will work with DES/DDD as Electronic Data Interchange options are examined.

Health Insurance Portability and Accountability Act (HIPAA): DES/DDD shall comply with the Administrative Simplification requirements of Subpart F of the HIPAA of 1996 (Public Law 107-191, 110 Statutes 1936) and all Federal regulations implementing that Subpart that are applicable to the operations of DES/DDD by the dates required by the implementing Federal regulations.

74. ENCOUNTER DATA REPORTING

The accurate and timely reporting of encounter data is crucial to the success of the AHCCCS program. AHCCCSA uses encounter data to pay reinsurance benefits, set fee-for-service and capitation rates, determine disproportionate share payments to hospitals, and to determine compliance with performance standards. DES/DDD shall submit encounter data to AHCCCSA for all services for which DES/DDD incurred financial liability and claims for services eligible for processing by the DES/DDD where no financial liability was incurred, including services provided during prior period coverage. This requirement is a condition of the CMS grant award.

DES/DDD shall prepare, review, verify, certify, and submit, encounters for consideration to AHCCCSA. Upon submission, DES/DDD certifies that the services listed were actually rendered. The encounters must be submitted in the format prescribed by AHCCCSA.

Encounter data must be provided to AHCCCSA by electronic media and must be submitted in the PMMIS AHCCCSA supplied formats. Specific requirements for encounter data are described in the *AHCCCSA Encounter Reporting User Manual*, a copy of which may be found in the Bidder's Library. The *Encounter Submission Requirements* are included herein as Attachment I. Refer to Paragraph 73, Data Exchange Requirements, for further information.

An Encounter Submission Tracking Report must be maintained and made available to AHCCCSA upon request. The Tracking Report's purpose is to link each claim to an adjudicated or pending encounter returned to DES/DDD. Further information regarding the Encounter Submission Tracking Report may be found in *The AHCCCSA Encounter Reporting User's Manual*.

Each month AHCCCSA provides DES/DDD with full replacement files containing provider and medical procedure coding information. These files should be used to assist DES/DDD in accurate Encounter Reporting. Refer to Paragraph 73, Data Exchange Requirements, for further information.

75. REPORTING REQUIREMENTS

AHCCCSA, under the terms and conditions of its CMS grant award, requires reports, encounter data, and other information from DES/DDD. DES/DDD will comply with all reporting requirements in a manner similar to all other program contractors. DES/DDD will be sanctioned if DES/DDD fails to comply with stated contractual reporting requirements. The submission of late, inaccurate, or otherwise incomplete reports shall constitute failure to report subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:

- a. *Timeliness*: Reports or other required data shall be received on or before scheduled due dates.
- b. *Accuracy*: Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards.
- c. *Completeness*: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.

AHCCCS requirements regarding reports, report content and frequency of submission of reports are subject to change at any time during the term of the contract. DES/DDD shall comply with all changes specified by AHCCCSA.

DES/DDD shall be responsible for continued reporting beyond the term of the contract. For example, processing claims and reporting encounter data will likely continue beyond the term of the contract because of lag time in filing source documents by subcontractors.

DES/DDD shall comply with all financial reporting requirements contained in the *Reporting Guide for ALTCS Program Contractors with the Arizona Health Care Cost Containment System*, a copy of which may be found in the Bidder's Library. The required reports, which are subject to change during the contract term, are summarized in Section F, Attachment D.

76. REQUESTS FOR INFORMATION

AHCCCSA may, at any time during the term of this contract, request financial or other information from DES/DDD. Upon receipt of such requests for information, DES/DDD shall provide complete information as requested no later than 30 days after the receipt of the request unless otherwise specified in the request itself.

77. DISSEMINATION OF INFORMATION

Upon request, DES/DDD shall assist AHCCCSA in the dissemination of information prepared by AHCCCSA, or the federal government, to its members. The cost of such dissemination shall be borne by DES/DDD. All advertisements, publications and printed materials which are produced by DES/DDD and refer to covered services shall state that such services are funded under contract with AHCCCSA.

78. RESERVED

79. OPERATIONAL AND FINANCIAL REVIEWS

In accordance with CMS requirements and AHCCCS Rule 9 A.A.C. 28, Article 5, AHCCCSA, or an independent agent, will conduct regular operational and financial reviews for the purpose of (but not limited to) ensuring program compliance. The type and duration of the review will be solely at the discretion of AHCCCSA. The reviews will identify areas where improvements can be made and make recommendations accordingly, monitor DES/DDD's progress towards implementing mandated programs and provide DES/DDD with technical assistance if necessary. Except in cases where advance notice is not possible or advance notice may render the review less useful, AHCCCSA will give DES/DDD at least three weeks advance notice of the scheduled Operational and Financial Review. AHCCCSA reserves the right to conduct reviews without notice. AHCCCSA may conduct a review without notice in the event DES/DDD undergoes a reorganization, or makes changes in three or more key staff positions within a 12-month period, or to investigate complaints received by AHCCCSA.

In preparation for the reviews, DES/DDD shall cooperate fully with AHCCCSA and the AHCCCSA Review Team by forwarding in advance such policies, procedures, job descriptions, contracts, records, logs and other material that AHCCCSA may request. Any documents not requested in advance by AHCCCSA shall be made available upon request of the Review Team during the course of the review. DES/DDD personnel as identified in advance shall be available to the Review Team at all times during AHCCCSA on-site review activities. While

on-site, DES/DDD shall provide the Review Team with workspace, access to a telephone, electrical outlets and privacy for conferences.

Certain documentation submission requirements may be waived at the discretion of AHCCCSA if DES/DDD obtains accreditation by the National Commission on Quality Assurance (NCQA). DES/DDD must submit the entire NCQA report to AHCCCSA for such waiver consideration.

The operations review is conducted by an AHCCCS review team comprised of staff from the Division of Health Care Management and Office of Legal Assistance. The team will evaluate DES/DDD's performance and compliance with AHCCCS policies, rules and the terms of this contract. The review may look at any aspects of DES/DDD operations.

DES/DDD will be furnished a copy of the draft Operational and Financial Review report and given the opportunity to comment on any review findings prior to AHCCCSA issuing the final report. Recommendations made by the Review Team to bring DES/DDD into compliance with federal, state, AHCCCS, and/or contract requirements, must be implemented by DES/DDD. AHCCCSA may conduct a follow-up review or require a corrective action plan to determine DES/DDD's progress in implementing recommendations and achieving program compliance. Follow-up reviews may be conducted at any time after the initial review and may be conducted without prior notice to DES/DDD.

DES/DDD shall submit a corrective action plan to improve areas of non-compliance identified in the review. Once the corrective action plan is approved by AHCCCSA, it shall be implemented by DES/DDD. Modifications to the corrective action plan must be approved in advance by AHCCCSA. Unannounced follow-up reviews may be conducted to determine DES/DDD's progress in implementing recommendations and achieving compliance.

80. SANCTIONS

AHCCCSA may impose monetary sanctions, suspend, deny, refuse to renew, or terminate this contract or any related subcontracts in accordance with AHCCCS Rules R9-22-606, DHCM's Sanction Policy and the terms of this contract and applicable Federal or State law and regulations. Written notice will be provided to DES/DDD specifying the sanction to be imposed, the grounds for such sanction and either the length of suspension or the amount of capitation prepayment to be withheld. The DES/DDD may dispute the decision to impose a sanction in accordance with A.A.C. 9-34-401 et seq. Intermediate sanctions may be imposed, but are not limited to the following actions:

- a. Substantial failure to provide medically necessary services that the DES/DDD is required to provide under the terms of this contract to its enrolled members.
- b. Imposition of premiums or charges in excess of the amount allowed under the AHCCCS 1115 Waiver.
- c. Discrimination among enrollees on the basis of their health status of need for health care services.
- d. Misrepresentation or falsification of information furnished to CMS or AHCCCSA.
- e. Misrepresentation or falsification of information furnished to an enrollee, potential enrollee, or provider.
- f. Failure to comply with the requirement for physician incentive plan as delineated in Paragraph 39.
- g. Distribution directly, or indirectly through any agent or independent contractor, of marketing materials that have not been approved by AHCCCSA or that contain false or materially misleading information.
- h. Material deficiencies in the DES/DDD's provider network.
- i. Failure to meet quality of care and quality management requirements.
- j. Failure to meet AHCCCS encounter standards.
- k. Violation of other applicable State or Federal laws or regulations.
- l. Failure to fund accumulated deficit in a timely manner.
- m. Failure to comply with any provisions contained in this contract
- n. Failure to report third party liability cases as defined in paragraph 63.

AHCCCSA may impose the following types of intermediate sanctions:

- a. Civil monetary penalties
- b. Suspension of payment for recipients enrolled after the effective date of the sanction until CMS or AHCCCSA is satisfied that the reason for imposition of the sanction no longer exists and is not likely to recur.
- c. Additional sanctions allowed under statute or regulation that address areas of noncompliance.

Cure Notice Process: Prior to the imposition of a sanction for non-compliance, AHCCCSA shall provide a written cure notice to the DES/DDD regarding the details of the non-compliance. The cure notice will specify the period of time during which the DES/DDD must bring its performance back into compliance with contract requirements. If, at the end of the specified time period, the DES/DDD has complied with the cure notice requirements, AHCCCSA will take no further action. If, however, the DES/DDD has not complied with the cure notice requirements, AHCCCSA may proceed with the imposition of sanctions.

81. MEDICAID SCHOOL BASED CLAIMING, SBC)

Pursuant to an Intergovernmental Agreement with the Department of Education, and a contract with a Third Party Administrator, AHCCCS pays participating school districts for specifically identified Medicaid services when provided to Medicaid-eligible children who are included under the Individuals with Disabilities Education Act (IDEA). The Medicaid services must be identified in the member's Individual Education Plan (IEP) as medically necessary for the child to obtain a public school education. These services include speech, physical and occupational therapies, nursing services, attendant care (health aid services provided in the classroom), transportation to and from school on days when the child receives an AHCCCS-covered DSC service and behavioral health services.

Services provided through DSC are specifically intended to allow children to attend school and do not replace medically necessary services provided outside the educational setting. Thus, the Contractor's determination of whether services are medically necessary and should be provided to a child shall be made independently of whether that child also is receiving DSC services. If a request made for services that also are covered under the MIPS program for a child enrolled with the Contractor, the request shall be evaluated on the same basis as any request for a covered service.

82. PENDING LEGISLATION AND PROGRAM CHANGES

The following constitute pending items that may be resolved after the initial issuance of the contract amendment. Any program changes due to the resolution of the issues will be reflected in future amendments to the contract. Final capitation rates may also be adjusted to reflect the financial impact of program changes.

Arizona Early Intervention Program (AzEIP): The Arizona Early Intervention (AzEIP) Program is implemented through the coordinated activities of the Arizona Department of Economic Security (DES), the Arizona Department of Health Services (ADHS), Arizona State Schools for the Deaf and Blind (ASDB), the Arizona Health Care Cost Containment System (AHCCCS), and the Arizona Department of Education (ADE). The AzEIP Program is governed by the Individuals with Disabilities Act (IDEA), Part C (P.L.105-17). AzEIP, through federal regulation, is stipulated as the payor of last resort to Medicaid, and is prohibited from supplanting another entitlement programs, including Medicaid.

AHCCCS is currently working with the Department of Economic Security to provide increased Medicaid funding to this program. This may result in additional coordination with the AzEIP program for the Contractors. Any changes will be communicated to the Contractors and may result in a future contract amendment.

Medicare Modernization Act: As the Medicare Modernization act is fully implemented, there may be required changes to business practices of AHCCCS and contractors or the contract. AHCCCS will identify potential impacts and work with contractor to implement necessary program changes. Additionally, AHCCCS is pursuing a Medicare waiver that would allow AHCCCS contractors to become Medicare contractors. Contractors will be kept informed of AHCCCS progress on the waiver.

Transportation: AHCCCSA is evaluating its methodology, under capitation, for providing transportation services to its members. Options may include contracting with a centralized transportation broker to provide services to all AHCCCS members. AHCCCSA does not anticipate a carve out in CYE '05.

Ball vs. Biedess: This Federal court case is hopefully nearing completion. It is not known if there will be any additional requirements of the AHCCCSA and DES/DDD.

Hemophiliac Request for Proposal (RFP): The AHCCCS Office of Pharmacy Program Administrator plans to issue an RFP during contract year '05 for a single-source contract for anti-hemolytic blood factors and case management for the treatment of all AHCCCS members with hemophilia or other bleeding disorders. Implementation of the single-source contract is expected to provide cost savings for the blood factor and may also provide savings through improved case management and prophylactic therapy. Capitation rates may be adjusted to reflect any cost savings resulting from the implementation of this RFP.

83. BUSINESS CONTINUITY AND RECOVERY PLAN

DES/DDD shall adhere to all elements of the AHCCCS, Division of Health Care Management *Business Continuity and Recovery Policy*. This plan is currently under review and will be placed in the Bidder's Library upon completion. DES/DDD shall develop a Business Continuity Plan to deal with unexpected events that may affect its ability to adequately serve members. This plan shall, at a minimum, include planning and training for:

- Electronic/telephonic failure at the Program Contractor's main place of ALTCS business
- Complete loss of use of the main site

- Loss of primary computer system/records
- Communication between DES/DDD and AHCCCSA in the event of a business disruption
- Periodic testing

The Business Continuity Plan shall be updated annually. All staff shall be trained and familiar with the Plan.

84. MEDICAL RECORDS

The member's medical record is the property of the provider who generates the record. Each member is entitled to one copy of his or her medical record free of charge. The DES/DDD shall have written policies and procedures to maintain the confidentiality of all medical records.

The DES/DDD is responsible for ensuring that a medical record is established when information is received about a member. If the PCP has not yet seen the member, such information may be kept temporarily in an appropriately labeled file, in lieu of establishing a medical record, but must be associated with the member's medical record as soon as one is established.

The DES/DDD shall have written policies and procedures for the maintenance of medical records so that those records are documented accurately and in a timely manner, are readily accessible, and permit prompt and systematic retrieval of information.

The DES/DDD shall have written standards for documentation on the medical record for legibility, accuracy and plan of care, which comply with the *AMPM*.

The DES/DDD shall have written plans for providing training and evaluating providers' compliance with the DES/DDD medical records standards. Medical records shall be maintained in a detailed and comprehensive manner, which conforms to good professional medical practice, permits effective professional medical review and medical audit processes, and which facilitates an adequate system for follow-up treatment. Medical records must be legible, signed and dated.

When a member changes PCPs, his or her medical records or copies of medical records must be forwarded to the new PCP within 10 business days from receipt of the request for transfer of the medical records.

AHCCCSA is not required to obtain written approval from a member, before requesting the member's medical record from the PCP or any other agency. The DES/DDD may obtain a copy of a member's medical records without written approval of the member, if the reason for such request is directly related to the administration of the AHCCCS program. AHCCCSA shall be afforded access to all members' medical records whether electronic or paper within 20 business days of receipt of request.

Information related to fraud and abuse may be released so long as protected HIV-related information is not disclosed (A.R.S. §36-664(I)).

85. ENROLLMENT AND CAPITATION TRANSACTION UPDATES

AHCCCSA produces daily enrollment transaction updates identifying new members and changes to members' demographic, eligibility and enrollment data, which the DES/DDD shall use to update its member records. The daily enrollment transaction update, which is run prior to the monthly enrollment and capitation transaction update, is referred to as the "last daily" and will contain all rate code changes made for the prospective month, as well as any new enrollments and disenrollments.

AHCCCSA also produces a daily Manual Payment Transaction, which identifies enrollment or disenrollment activity that was not included on the daily enrollment transaction update due to internal edits. The DES/DDD

shall use the Manual Payment Transaction in addition to the daily enrollment transaction update to update its member records.

A weekly capitation transaction will be produced to provide contractors with member-level capitation payment information. This file will show changes to the prospective capitation payments, as sent in the monthly file, resulting from enrollment changes that occur after the monthly file is produced. This file will also identify mass adjustments to and/or manual capitation payments that occurred at AHCCCS after the monthly file is produced.

The monthly enrollment and monthly capitation transaction updates are generally produced two days before the end of every month. The update will identify the total active population for the DES/DDD as of the first day of the next month. These updates contain the information used by AHCCCSA to produce the monthly capitation payment for the next month. The DES/DDD will reconcile their member files with the AHCCCS monthly update. After reconciling the monthly update information, the DES/DDD resumes posting daily updates beginning with the last two days of the month. The last two daily updates are different from the regular daily updates in that they pay and/or recoup capitation into the next month. If the DES/DDD detects an error through the monthly update process, the DES/DDD shall notify AHCCCSA, Division of Health Care Management.

Refer to Paragraph 73, Data Exchange Requirements, for further information.

86. SPECIAL HEALTH CARE NEEDS

DES/DDD must implement mechanisms to assess each member identified as having special health care needs, in order to identify any ongoing special conditions of the member which require a course of treatment or regular care monitoring. The assessment mechanisms must use appropriate health care professionals. DES/DDD shall share with other entities providing services to that member the results of its identification and assessment of that member's needs. Members enrolled in the ALTCS Program who are elderly or physically disabled or are developmentally disabled are automatically identified as having special health care needs.

For members with special health care needs determined to need a specialized course of treatment or regular care monitoring, DES/DDD must have procedures in place to allow members to directly access a specialist (for example through a standing referral or an approved number of visits) as appropriate for the member's condition and identified needs.

87. TECHNOLOGICAL ADVANCEMENT

DES/DDD shall implement the following technological measures according to the applicable time frame:

October 1, 2004:

DES/DDD must have a website with links to the following information:

1. Formulary
2. Provider manual
3. Member handbook
4. Provider listing

DES/DDD must have enrollment verification via website fully operational

DES/DDD must have claims inquiry via website fully operational

88. RESERVED



[END OF SECTION D]

SECTION E - CONTRACT CLAUSES

1. APPLICABLE LAW

Arizona Law - The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.

Implied Contract Terms - Each provision of law and any terms required by law to be in this contract are a part of this contract as if fully stated in it.

2. AUTHORITY

This contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee or made unilaterally by DES/DDD are violations of the contract and of applicable law. Such changes, including unauthorized written contract amendments, shall be void and without effect, and DES/DDD shall not be entitled to any claim under this contract based on those changes.

3. ORDER OF PRECEDENCE

The parties to this contract shall be bound by all terms and conditions contained herein. For interpreting such terms and conditions the following sources shall have precedence in descending order: The Constitution and laws of the United States and applicable Federal regulations; the terms of the CMS 1115 waiver for the State of Arizona; the Constitution and laws of Arizona, and applicable State rules; the terms of this contract, including all attachments and executed amendments and modifications; AHCCCSA policies and procedures.

4. CONTRACT INTERPRETATION AND AMENDMENT

No Parol Evidence - This contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this contract.

No Waiver - Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.

Written Contract Amendments - The contract shall be modified only through a written contract amendment within the scope of the contract signed by the procurement officer on behalf of the State.

5. SEVERABILITY

The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract, which may remain in effect without the invalid provision, or application.

6. RELATIONSHIP OF PARTIES

DES/DDD under this contract is an independent contractor. Neither party to this contract shall be deemed to be the employee or agent of the other party to the contract.

7. ASSIGNMENT AND DELEGATION

DES/DDD shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.

8. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

DES/DDD shall comply with all applicable Federal and State laws and regulations including Title VI of the Civil Rights Act of 1964; Executive Order 13166; Title IX of the Education Amendments of 1972 (regarding education programs and activities); the Age Discrimination Act of 1975; and the Americans with Disabilities

Act; EEO provisions; Copeland Anti-Kickback Act; Davis-Bacon Act; Contract Work Hours and Safety Standards; Rights to Inventions Made Under a Contract or Agreement; Clean Air Act and Federal Water Pollution Control Act; the Rehabilitation Act of 1973, and the Byrd Anti-Lobbying Amendment. DES/DDD shall maintain all applicable licenses and permits.

9. THIRD PARTY ANTITRUST VIOLATIONS

DES/DDD assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to DES/DDD toward fulfillment of this contract.

10. RIGHT TO ASSURANCE

If AHCCCSA, in good faith, has reason to believe that DES/DDD does not intend to perform or continue performing this contract, the procurement officer may demand in writing that DES/DDD give a written assurance of intent to perform. The demand shall be sent to DES/DDD by certified mail, return receipt required. Failure by DES/DDD to provide written assurance within the number of days specified in the demand may, at the State's option, be the basis for terminating the contract.

11. TERMINATION FOR CONFLICT OF INTEREST

AHCCCSA may cancel this contract without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of AHCCCSA is, or becomes at any time while the contract or any extension of the contract is in effect, an employee of, or a consultant to, any other party to this contract with respect to the subject matter of the contract. The cancellation shall be effective when DES/DDD receives written notice of the cancellation unless the notice specifies a later time.

12. GRATUITIES

AHCCCSA may, by written notice to DES/DDD, immediately terminate this contract if it determines that employment or a gratuity was offered or made by DES/DDD or a representative of DES/DDD to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the contract, an amendment to the contract, or favorable treatment concerning the contract, including the making of any determination or decision about contract performance. AHCCCSA, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by DES/DDD.

13. SUSPENSION OR DEBARMENT

DES/DDD shall not employ, consult, subcontract or enter into any agreement for Title XIX services with any person or entity who is debarred, suspended or otherwise excluded from Federal procurement activity or from participating in non-procurement activities under regulations issued under Executive Order 12549 or under guidelines implementing Executive Order 12549. This prohibition extends to any entity which employs, consults, subcontracts with or otherwise reimburses for services any person substantially involved in the management of another entity which is debarred, suspended or otherwise excluded from Federal procurement activity.

DES/DDD shall not retain as a director or officer of the DES/DDD entity, any person, or affiliate of such a person, who is debarred, suspended or otherwise excluded from Federal procurement activity.

14. TERMINATION FOR CONVENIENCE

AHCCCSA reserves the right to terminate the contract in whole or in part at any time for the convenience of the State without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to DES/DDD of the termination at least 90 days before the effective date of the termination. In the event of termination under this paragraph, all documents, data and reports prepared by DES/DDD under the contract shall become the property of and be delivered to AHCCCSA. DES/DDD shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination.

15. TERMINATION FOR DEFAULT

AHCCCSA reserves the right to terminate this contract in whole or in part due to the failure of DES/DDD to comply with any term or condition of the contract or failure to take corrective action as required by AHCCCSA to comply with the terms of the contract. If DES/DDD is providing services under more than one contract with AHCCCSA, AHCCCSA may deem unsatisfactory performance under one contract to be cause to require DES/DDD to provide assurance of performance under any and all other contracts. In such situations, AHCCCSA reserves the right to seek remedies under both actual and anticipatory breaches of contract if adequate assurance of performance is not received. DES/DDD Officer shall mail written notice of the termination and the reason(s) for it to the Contractor by certified mail, return receipt requested.

In the event DES/DDD requests a hearing prior to termination, AHCCCSA is required by the Balanced Budget Act of 1997 to oversee the operation of the Contractor entity through appointment of temporary management prior to the hearing.

Upon termination under this paragraph, all documents, data, and reports prepared by the Contractor under the contract shall become the property of and be delivered to AHCCCSA on demand.

AHCCCSA may, upon termination of this contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this contract. The Contractor shall be liable for any excess costs incurred by AHCCCSA in re-procuring the materials or services.

16. TERMINATION - AVAILABILITY OF FUNDS

Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCSA for any payment may arise under this contract until funds are made available for performance of this contract.

17. RIGHT OF OFFSET

AHCCCSA shall be entitled to offset against any amounts due the Contractor any expenses or costs incurred by AHCCCSA concerning the Contractor's non-conforming performance or failure to perform the contract.

18. NON-EXCLUSIVE REMEDIES

The rights and the remedies of AHCCCSA under this contract are not exclusive.

19. NON-DISCRIMINATION

DES/DDD shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable Federal and state laws, rules and regulations, including the Americans with Disabilities Act and Title VI. DES/DDD shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

20. EFFECTIVE DATE

The effective date of this contract shall be the date referenced on page 1 of this contract.

21. TERM OF CONTRACT AND OPTION TO RENEW

The initial term of this contract shall be for one (1) year, with annual options to extend. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. Any contract extension shall be through contract amendment. When AHCCCSA issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days from the date of mailing by AHCCCSA, even if the extension has not been signed by DES/DDD, unless within that time DES/DDD notifies AHCCCSA in writing that it refuses to sign the extension. Any disagreement between the parties regarding the extension of the contract or the terms of its renewal will be considered a dispute within the meaning of Section E, Paragraph 22, Disputes, and administered accordingly.

22. DISPUTES

The exclusive manner for DES/DDD to assert any claim, grievance, dispute or demand against AHCCCSA shall be in accordance with A.A.C. 22, Article 8. Pending the final resolution of any disputes involving this contract, DES/DDD shall proceed with performance of this contract in accordance with AHCCCSA's instructions, unless AHCCCSA specifically, in writing, requests termination or a temporary suspension of performance.

23. RIGHT TO INSPECT PLANT OR PLACE OF BUSINESS

AHCCCSA may, at reasonable times, inspect the part of the plant or place of business of the Contractor or subcontractor that is related to the performance of this contract, in accordance with A.R.S. §41-2547.

24. INCORPORATION BY REFERENCE

This solicitation and all attachments and amendments, DES/DDD proposal, best and final offer accepted by AHCCCSA, and any approved subcontracts are hereby incorporated by reference into the contract.

25. COVENANT AGAINST CONTINGENT FEES

DES/DDD warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, AHCCCSA shall have the right to annul this contract without liability.

26. CHANGES

AHCCCSA may at any time, by written notice to DES/DDD, make changes within the general scope of this contract. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this contract, DES/DDD may assert its right to an adjustment in compensation paid under this contract. DES/DDD must assert its right to such adjustment within 30 days from the date of receipt of the change notice. Any dispute or disagreement caused by such notice shall constitute a dispute within the meaning of Section E, Paragraph 22, Disputes, and be administered accordingly.

When AHCCCSA issues an amendment to modify the contract, the provisions of such amendment will be deemed to have been accepted 60 days after the date of mailing by AHCCCSA, even if the amendment has not been signed by DES/DDD, unless within that time DES/DDD notifies AHCCCSA in writing that it refuses to sign the amendment. If DES/DDD provides such notification, AHCCCSA will initiate termination proceedings.

27. TYPE OF CONTRACT

Firm Fixed-Price

28. AMERICANS WITH DISABILITIES ACT

People with disabilities may request special accommodations such as interpreters, alternative formats or assistance with physical accessibility. Requests for special accommodations must be made with at least three days prior notice by contacting AHCCCS Administration.

29. WARRANTY OF SERVICES

DES/DDD warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCSA's acceptance of services provided by DES/DDD shall not relieve DES/DDD from its obligations under this warranty. In addition to its other remedies, AHCCCSA may, at DES/DDD's expense, require prompt correction of any services failing to meet DES/DDD's warranty herein. Services corrected by DES/DDD shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.

30. NO GUARANTEED QUANTITIES

AHCCCSA does not guarantee DES/DDD any minimum or maximum quantity of services or goods to be provided under this contract.

31. CONFLICT OF INTEREST

DES/DDD shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCSA or the State without prior written approval by AHCCCSA. DES/DDD shall fully and completely disclose any situation that may present a conflict of interest. If DES/DDD is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, DES/DDD shall disclose this relationship prior to accepting any assignment involving such party.

32. DISCLOSURE OF CONFIDENTIAL INFORMATION

DES/DDD shall not, without prior written approval from AHCCCSA, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCSA personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to DES/DDD by AHCCCSA.

33. COOPERATION WITH OTHER CONTRACTORS

AHCCCSA may award other contracts for additional work related to this contract and DES/DDD shall fully cooperate with such other contractors and AHCCCSA employees or designated agents, and carefully fit its own work to such other contractors' work. DES/DDD shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCSA employees.

34. OWNERSHIP OF INFORMATION AND DATA

Any data or information system, including all software, documentation and manuals, developed by DES/DDD pursuant to this contract, shall be deemed to be owned by AHCCCSA. The Federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal government purposes, such data or information system, software, documentation and manuals. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.

Data, information and reports collected or prepared by DES/DDD in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCSA. The ownership provision is in consideration of DES/DDD use of public funds in collecting or preparing such data, information and reports. These items shall not be used by DES/DDD for any independent project of DES/DDD or publicized by DES/DDD without the prior written permission of AHCCCSA. Subject to applicable state and Federal laws and regulations, AHCCCSA shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, DES/DDD shall make available all such data to AHCCCSA within 30 days following termination of the contract or such longer period as approved by AHCCCSA, Office of the Director. For purposes of this subsection, the term "data" shall not include member medical records.

Except as otherwise provided in this section, if any copyrightable or patentable material is developed by DES/DDD in the course of performance of this contract, the Federal government, AHCCCSA and the State of Arizona shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or Federal government purposes. DES/DDD shall additionally be subject to the applicable provisions of 45 CFR Part 74 and 45 CFR Parts 6 and 8.

35. AHCCCSA RIGHT TO OPERATE CONTRACTOR

If, in the judgment of AHCCCSA, DES/DDD performance is in material breach of the contract or DES/DDD is insolvent, AHCCCSA may directly operate DES/DDD to assure delivery of care to members enrolled with DES/DDD until cure by DES/DDD of its breach, by demonstrated financial solvency or until the successful transition of those members to other contractors.

If AHCCCSA undertakes direct operation of DES/DDD, AHCCCSA, through designees appointed by the Director, shall be vested with full and exclusive power of management and control of DES/DDD as necessary to ensure the uninterrupted care to persons and accomplish the orderly transition of persons to a new or existing Contractor, or until DES/DDD corrects the Contract Performance failure to the satisfaction of AHCCCSA. AHCCCSA shall have the power to employ any necessary assistants, to execute any instrument in the name of DES/DDD, to commence, defend and conduct in its name any action or proceeding in which DES/DDD may be a party.

All reasonable expenses of AHCCCSA related to the direct operation of DES/DDD, including attorney fees, cost of preliminary or other audits of DES/DDD and expenses related to the management of any office or other assets of DES/DDD, shall be paid by DES/DDD or withheld from payment due from AHCCCSA to DES/DDD.

36. AUDITS AND INSPECTIONS

DES/DDD shall comply with all provisions specified in applicable AHCCCSA Rule R9-22-519, -520 and -521 and AHCCCSA policies and procedures relating to the audit of the Contractor's records and the inspection of DES/DDD's facilities. DES/DDD shall fully cooperate with AHCCCSA staff and allow them reasonable access to DES/DDD's staff, subcontractors, members, and records.

At any time during the term of this contract, DES/DDD's or any subcontractor's books and records shall be subject to audit by AHCCCSA and, where applicable, the Federal government, to the extent that the books and records relate to the performance of the contract or subcontracts.

AHCCCSA, or its duly authorized agents, and the Federal government may evaluate through on-site inspection or other means, the quality, appropriateness and timeliness of services performed under this contract.

37. LOBBYING

No funds paid to DES/DDD by AHCCCSA, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any Federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any Federal or State contract, the making of any Federal or State grant, the making of any Federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal or State contract, grant, loan, or cooperative agreement. DES/DDD shall disclose if any funds paid to DES/DDD by AHCCCSA have been used or will be used to influence the persons and entities indicated above and will assist AHCCCSA in making such disclosures to CMS.

38. CHOICE OF FORUM

The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.

39. DATA CERTIFICATION

DES/DDD certify that financial and encounter data submitted to AHCCCS is complete, accurate and truthful. Certification of financial data must be submitted concurrent with the data. Encounter data must be certified at least once per contract year. Certification may be provided by the DES/DDD Director, Deputy Director of the Division, CFO or an individual who is delegated authority to sign for, and who reports directly to the Director, Deputy Director or CFO. 42 CFR 438.604.606

40. TERMINATION

In the event the contract, or any portion thereof, is terminated for any reason, or expires, DES/DDD shall assist AHCCCSA in the transition of its members to other contractors. In addition, AHCCCSA reserves the right to extend the term of the contract on a month-to-month basis to assist in any transition of members. DES/DDD shall make provision for continuing all management and administrative services until the transition of all members is completed and all other requirements of this contract are satisfied. DES/DDD shall be responsible for providing all reports set forth in this contract and necessary for the transition process and shall be responsible for the following:

- a. Notification of subcontractors and members.
- b. Payment of all outstanding obligations for medical care rendered to members.
- c. Until AHCCCSA is satisfied that DES/DDD has paid all such obligations, DES/DDD shall provide the following reports to AHCCCSA:
 - (1) A monthly claims aging report by provider/creditor including IBNR amounts;
 - (2) A monthly summary of cash disbursements;
- d. Such reports shall be due on the fifth day of each succeeding month for the prior month.
- e. In the event of termination or suspension of the contract by AHCCCSA, such termination or suspension shall not affect the obligation of DES/DDD to indemnify AHCCCSA for any claim by any third party against the State or AHCCCSA arising from DES/DDD's performance of this contract and for which DES/DDD would otherwise be liable under this contract.
- f. Any dispute by DES/DDD, with respect to termination or suspension of this contract by AHCCCSA, shall be exclusively governed by the provisions of Section E, Paragraph 22, Disputes.
- g. Any funds, advanced to DES/DDD for coverage of members for periods after the date of termination, shall be returned to AHCCCSA within 30 days of termination of the contract.

41. OFF-SHORE PERFORMANCE OF WORK PROHIBITED

Due to security and identity protection concerns, all services under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

SECTION F - LIST OF ATTACHMENTS

Attachment A – RESERVED 88
Attachment B(1) – Member Grievance System..... 89
Attachment B(2) – Provider Grievance System 94
Attachment C - Encounter Record Submission Standards 96
Attachment D - Chart of Deliverables 99
Attachment E - Targeted Case Management 104

ATTACHMENT A: RESERVED

ATTACHMENT B(1): ENROLLEE GRIEVANCE SYSTEM

DES/DDD shall have a written policy delineating its Grievance System which shall be in accordance with applicable Federal and State laws, regulations and policies, including, but not limited to 42 CFR Part 438 Subpart F. DES/DDD shall provide the *Enrollee Grievance System Policy* to all providers and subcontractors at the time of contract. DES/DDD shall also furnish this information to enrollees within a reasonable time after DES/DDD receives notice of the enrollment. Additionally, DES/DDD shall provide written notification of any significant change in this policy at least 30 days before the intended effective date of the change.

The written information provided to enrollees describing the Grievance System including the grievance process, enrollee rights, grievance system requirements and timeframes, shall be in each prevalent non-English language occurring within the subcontractor's service area and in an easily understood language and format. DES/DDD shall inform enrollees that oral interpretation services are available in any language, that additional information is available in prevalent non-English languages upon request and how enrollees may obtain this information.

Written documents, including but not limited to the Notice of Action, the Notice of Appeal Resolution, Notice of Extension for Resolution, and Notice of Extension of Notice of Action shall be translated in the enrollee's language if information is received by DES/DDD, orally or in writing, indicating that the enrollee has a limited English proficiency. Otherwise, these documents shall be translated in the prevalent non-English language(s) or shall contain information in the prevalent non-English language(s) advising the enrollee that the information is available in the prevalent non-English language(s) and in alternative formats along with an explanation of how enrollees may obtain this information. This information must be in large, bold print appearing in a prominent location on the first page of the document.

At a minimum, DES/DDD's Grievance System Standards and Policy shall specify:

1. That DES/DDD shall maintain records of all grievances and appeals.
2. Information explaining the grievance, appeal, and fair hearing procedures and timeframes describing the right to hearing, the method for obtaining a hearing, the rules which govern representation at the hearing, the right to file grievances and appeals and the requirements and timeframes for filing a grievance or appeal.
3. The availability of assistance in the filing process and DES/DDD's toll-free numbers that an enrollee can use to file a grievance or appeal by phone if requested by the enrollee.
4. That DES/DDD shall acknowledge receipt of each grievance and appeal. For Appeals, DES/DDD shall acknowledge receipt of standard appeals in writing within five business days of receipt and within one business day of receipt of expedited appeals.
5. That DES/DDD shall permit both oral and written appeals and grievances and that oral inquiries appealing an action are treated as appeals.
6. That DES/DDD shall ensure that individuals who make decisions regarding grievances and appeals are individuals not involved in any previous level of review or decision making and that individuals who make decisions regarding: 1) appeals of denials based on lack of medical necessity, 2) a grievance regarding denial of expedited resolution of an appeal or 3) grievances or appeals involving clinical issues are health care professionals as defined in 42 CFR 438.2 with the appropriate clinical expertise in treating the enrollee's condition or disease.
7. The resolution timeframes for grievances, standard appeals and expedited appeals may be extended up to 14 days if the enrollee requests the extension or if DES/DDD establishes a need for additional information and that the delay is in the enrollee's interest.

8. That if DES/DDD extends the timeframe for resolution of a grievance or appeal when not requested by the enrollee, the Contractor shall provide the enrollee with written notice of the reason for the delay.
9. The definition of grievance as a member's expression of dissatisfaction with any aspect of their care, other than the appeal of actions.
10. That an enrollee must file a grievance with DES/DDD and that the enrollee is not permitted to file a grievance directly with the State.
11. That DES/DDD must dispose of each grievance in accordance with the Division of Health Care Management *Enrollee Grievance System Policy*, but in no case shall the timeframe exceed 90 days unless an extension is in effect.
12. The definition of action as the:
 - a. Denial or limited authorization of a requested service, including the type or level of service;
 - b. Reduction, suspension, or termination of a previously authorized service;
 - c. Denial, in whole or in part, of payment for a service;
 - d. Failure to provide services in a timely manner;
 - e. Failure to act within the timeframes required for standard and expedited resolution of appeals and standard disposition of grievances; or
 - f. Denial of a rural enrollee's request to obtain services outside DES/DDD's network under 42 CFR 438.52(b)(2)(ii), when the contractor is the only contractor in the rural area.
13. The definition of a service authorization request as an enrollee's request for the provision of a service.
14. The definition of appeal as the request for review of an action, as defined above.
15. Information explaining that a provider acting on behalf of an enrollee and with the enrollee's written consent, may file an appeal.
16. That an enrollee may file an appeal of: 1) the denial or limited authorization of a requested service including the type or level of service, 2) the reduction, suspension or termination of a previously authorized service, 3) the denial in whole or in part of payment for service, 4) the failure to provide services in a timely manner, 5) the failure of the Contractor to comply with the timeframes for dispositions of grievances and appeals and 6) the denial of a rural enrollee's request to obtain services outside the DES/DDD network under 42 CFR 438.52(b)(2)(ii) when the DES/DDD is the only DES/DDD in the rural area.
17. The definition of a standard authorization request and that for standard authorization decisions, DES/DDD must provide a Notice of Action to the enrollee as expeditiously as the enrollee's health condition requires, but not later than 14 days following the receipt of the authorization with a possible extension of up to 14 days if the enrollee or provider requests an extension or if DES/DDD establishes a need for additional information and delay is in the enrollee's best interest.
18. The definition of an expedited authorization request and that for expedited authorization decisions, DES/DDD must provide a Notice of Action to the enrollee as expeditiously as the enrollee's health condition requires, but not later than 3 business days following the receipt of the authorization with a possible extension of up to 14 days if the enrollee or provider requests an extension or if DES/DDD establishes a need for additional information and delay is in the enrollee's interest.
19. That the Notice of Action for a service authorization decision not made within the standard or expedited timeframes, whichever is applicable, will be made on the date that the timeframes expire. If DES/DDD

extends the timeframe to make a standard or expedited authorization decision, DES/DDD must give the enrollee written notice of the reason to extend the timeframe and inform the enrollee of the right to file a grievance if the enrollee disagrees with the decision. DES/DDD must issue and carry out its decision as expeditiously as the enrollee's health condition requires and no later than the date the extension expires.

20. That DES/DDD shall notify the requesting provider of the decision to deny or reduce a service authorization request. The notice to the provider need not be written.
21. The definition of a standard appeal and that DES/DDD shall resolve standard appeals no later than 30 days from the date of receipt of the appeal unless an extension is in effect.
22. The definition of an expedited appeal and that DES/DDD shall resolve all expedited appeals not later than three business days from the date DES/DDD receives the appeal (unless an extension is in effect) where DES/DDD determines (for a request from the enrollee), or the provider (in making the request on the enrollee's behalf indicates) that the standard resolution timeframe could seriously jeopardize the enrollee's life or health or ability to attain, maintain or regain maximum function. DES/DDD shall make reasonable efforts to provide oral notice to an enrollee regarding an expedited resolution appeal.
23. That if DES/DDD denies a request for expedited resolution, it must transfer the appeal to the 30-day timeframe for a standard appeal. DES/DDD must make reasonable efforts to give the enrollee prompt oral notice and follow-up within two days with a written notice of the denial of expedited resolution.
24. That an enrollee shall be given 60 days from the date of DES/DDD's Notice of Action to file an appeal.
25. That DES/DDD shall mail a Notice of Action: 1) at least 10 days before the date of a termination, suspension or reduction of previously authorized AHCCCS services, except as provided in (a)-(f) below; 2) at least 5 days before the date of action in the case of suspected fraud; 3) at the time of any action affecting the claim when there has been a denial of payment for a service, in whole or in part; 4) within 14 days from receipt of a request for a standard service authorization which has been denied or reduced unless an extension is in effect; 5) within three business days from receipt of an expedited service authorization request unless an extension is in effect. As described below, DES/DDD may elect to mail the Notice of Action no later than the date of action when:
 - a) DES/DDD receives notification of the death of an enrollee;
 - b) The enrollee signs a written statement requesting service termination or gives information requiring termination or reduction of services (which indicates understanding that the termination or reduction will be the result of supplying that information);
 - c) The enrollee is admitted to an institution where he is ineligible for further services;
 - d) The enrollee's address is unknown and mail directed to the enrollee has no forwarding address;
 - e) The enrollee has been accepted for Medicaid in another local jurisdiction;
26. That DES/DDD include, as parties to the appeal, the enrollee, the enrollee's legal representative, or the legal representative of a deceased enrollee's estate.
27. That the Notice of Action must explain: 1) the action DES/DDD has taken or intends to take, 2) the reasons for the action, 3) the enrollee's right to file an appeal with DES/DDD, 4) the procedures for exercising these rights, 5) circumstances when expedited resolution is available and how to request it and 6) the enrollee's right to request continued benefits pending resolution of the appeal, how to request continued benefits and the circumstances under which the enrollee may be required to pay for the cost of these services.
28. That benefits shall continue until a hearing decision is rendered if: 1) the enrollee files an appeal before the later of a) 10 days from the mailing of the Notice of Action or b) the intended date of DES/DDD's action, 2) a. the appeal involves the termination, suspension, or reduction of a previously authorized

course of treatment or b. the appeal involves a denial and the physician asserts the denial represents a necessary continuation of a previous authorized service, 3) the services were ordered by an authorized provider, and 4) the enrollee requests a continuation of benefits.

For purposes of this paragraph, benefits shall be continued based on the authorization which was in place prior to the denial, termination, reduction or suspension which has been appealed.

29. That for appeals, DES/DDD provides the enrollee a reasonable opportunity to present evidence and allegations of fact or law in person and in writing and that DES/DDD informs the enrollee of the limited time available in cases involving expedited resolution.
30. That for appeals, DES/DDD provides the enrollee and his representative the opportunity before and during the appeals process to examine the enrollee's case file including medical records and other documents considered during the appeals process.
31. That DES/DDD must ensure that punitive action is not taken against a provider who either requests an expedited resolution or supports an enrollee's appeal.
32. That DES/DDD shall provide written Notice of Appeal Resolution to the enrollee and the enrollee's representative or the representative of the deceased enrollee's estate which must contain: 1) the results of the resolution process, including the legal citations or authorities supporting the determination, and the date it was completed, and 2) for appeals not resolved wholly in favor of enrollees: a) the enrollee's right to request a State fair hearing no later than 30 days after the date the enrollee receives DES/DDD's notice of appeal resolution and how to do so, b) the right to receive benefits pending the hearing and how to request continuation of benefits and c) information explaining that the enrollee may be held liable for the cost of benefits if the hearing decision upholds DES/DDD.
33. That DES/DDD continues extended benefits originally provided to the enrollee until any of the following occurs: 1) the enrollee withdraws appeal, 2) the enrollee has not specifically requested continued benefits pending a hearing decision within 10 days of DES/DDD mailing of the appeal resolution notice, 3) the AHCCCS Administration issues a state fair hearing decision adverse to the enrollee
34. That if the enrollee files a request for hearing, DES/DDD must ensure that the case file and all supporting documentation is received by the AHCCCSA, Office of Legal Assistance (OLA) as specified by OLA. The file provided by DES/DDD must contain a cover letter that includes:
 - a. Enrollee's name
 - b. Enrollee's AHCCCS I.D. number
 - c. Enrollee's address
 - d. Enrollee's phone number (if applicable)
 - e. date of receipt of the appeal
 - f. summary of the Contractor's actions undertaken to resolve the appeal and summary of the appeal resolution
35. The following material shall be included in the file sent by DES/DDD:
 - a. the Enrollee's written request for hearing
 - b. copies of the entire appeal file which includes all supporting documentation including pertinent findings and medical records;
 - c. DES/DDD's Notice of Appeal Resolution
 - d. other information relevant to the resolution of the appeal

36. That if DES/DDD or the State fair hearing decision reverses a decision to deny, limit or delay services not furnished while the appeal was pending, DES/DDD shall authorize or provide the services promptly and as expeditiously as the enrollee's health condition requires.
37. That if DES/DDD or State fair hearing decision reverses a decision to deny authorization of services and the disputed services were received pending appeal, DES/DDD shall pay for those services, as specified in policy and/or regulation.
38. That if DES/DDD or State fair hearing decision upholds a decision to deny authorization of services and the disputed services were received pending appeal, DES/DDD may recover the cost of those services from the enrollee.

ATTACHMENT B(2): PROVIDER CLAIMS DISPUTE SYSTEM STANDARDS AND POLICY

DES/DDD shall have in place a written claims dispute system policy for providers regarding adverse actions taken by DES/DDD. The policy shall be in accordance with applicable Federal and State laws, regulations and policies. The claims dispute policy shall include the following provisions:

1. The Provider Claims Dispute System Policy shall be provided to all subcontractors at the time of contract. For providers without a contract, the claims dispute policy may be mailed with a remittance advice, provided the remittance is sent within 45 days of receipt of a claim.
2. The Provider Claims Dispute System Policy must specify that all claim disputes , with the exception of those challenging claim denials, must be filed with DES/DDD no later than 60 days from the date of the adverse action. Claim disputes challenging claim denials must be filed in writing with DES/DDD no later than 12 months from the date of service, 12 months after the date of eligibility posting or within 60 days after the date of a timely claim submission, whichever is later.
3. Specific individuals are appointed with authority to require corrective action and with requisite experience to administer the claims dispute process.
4. A log is maintained for all claims disputes containing sufficient information to identify the Complainant, date of receipt, nature of the claims dispute and the date the claims dispute is resolved. Separate logs must be maintained for provider and behavioral health recipient claims disputes
5. Within five business days of receipt, the Complainant is informed by letter that the claims dispute has been received.
6. Each claim dispute is thoroughly investigated using the applicable statutory, regulatory, contractual and policy provisions, ensuring that facts are obtained from all parties.
7. All documentation received by the Program Contractor during the claims dispute process is dated upon receipt.
8. All claim disputes are filed in a secure designated area and are retained for five years following DES/DDD's decision, the Administration's decision, judicial appeal or close of the claims dispute, whichever is later.
9. A copy of DES/DDD's Notice of Decision (hereafter referred to as Decision) will be communicated in writing to all parties. The Decision must include and describe in detail, the following:
 - a. the nature of the grievance
 - b. the issues involved
 - c. the reasons supporting DES/DDD's Decision, including references to applicable statute, rule, applicable contractual provisions, policy and procedure
 - d. the Provider's right to request a hearing by filing the request for hearing to DES/DDD no later than 30 days after the date the Provider receives the DES/DDD's decision.
 - e.  If the claim dispute is upheld, the requirement that the DES/DDD shall reprocess and pay the claim(s) in a manner consistent with the Decision within 15 business days of the date of the Decision."
10. If the Provider files a request for hearing , DES/DDD must ensure that all supporting documentation is received by the DES, Division of Services and Support, Appellate Services Administration (DES/DSS/ASA), no later than five business days from the date DES/DDD receives the verbal or written request from AHCCCSA, Office of Legal Assistance. The file sent by DES/DDD must contain a cover letter that includes:

- a. Provider's name
- b. Provider's AHCCCS ID number
- c. Provider's address
- d. Provider's phone number (if applicable)
- e. the date of receipt of claim dispute
- f. a summary of DES/DDD's actions undertaken to resolve the claim dispute and basis of the determination

11. The following material shall be included in the file sent by DES/DDD:

- a. written request for hearing filed by the Provider
- b. copies of the entire file which includes pertinent records; and DES/DDD's Decision
- c. other information relevant to the Notice of Decision of the claim dispute

12. If DES/DDD's decision regarding a claim dispute is reversed through the appeal process, DES/DDD shall reprocess and pay the claims(s) in a manner consistent with the Decision within 15 business days of the date of the Decision.

13. DES/DDD shall ensure once a decision is reached by DES/DSS/ASA a copy is sent to the AHCCCSA Office of Legal Assistance.

ATTACHMENT C: ENCOUNTER SUBMISSION STANDARDS AND SANCTIONS

DES/DDD shall exchange data with AHCCCSA in accordance with the AHCCCS Technical Interface Guidelines. DES/DDD is responsible for any incorrect data, delayed encounter data submission any penalty applied due to error, omission, deletion, or erroneous insert caused by data it submitted. Any data that does not meet the standards required by AHCCCSA shall not be accepted by AHCCCSA. DES/DDD is responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCSA. If any unreported inconsistencies are subsequently discovered, DES/DDD shall correct its records at its own expense.

DES/DDD will be assessed sanctions for noncompliance with encounter submission requirements. AHCCCSA may also perform special reviews of encounter data, such as comparing encounter reports to DES/DDD's claims files. Any findings of incomplete or inaccurate encounter data may result in the imposition of sanctions or requirement of a corrective action plan.

Pended Encounter Corrections

DES/DDD must resolve all pended encounters within 120 days of the original processing data. Sanctions will be imposed according to the following schedule for each encounter pended for more than 120 days unless the pend is due to AHCCCSA error.

<u>0-120 days</u>	<u>121-180 days</u>	<u>181-240 days</u>	<u>241-360 days</u>	<u>361 + days</u>
No sanction	\$ 5.00 per month	\$10.00 per month	\$15.00 per month	\$20.00 per month

“AHCCCSA error” is defined as a pended encounter which (1) AHCCCSA acknowledges to be the result of its own error, and (2) requires a change to the system programming, an update to the database reference table, or further research by AHCCCSA. AHCCCSA reserves the right to adjust the sanction amount if circumstances warrant.

When DES/DDD notifies AHCCCSA in writing that the resolution of a pended encounter depends on AHCCCSA rather than DES/DDD, AHCCCSA will respond in writing within 30 days of receipt of such notification. The AHCCCSA response will report the status of each pending encounter problem or issue in question.

Pended encounters will not qualify as AHCCCSA errors if AHCCCSA reviews DES/DDD's notification and asks DES/DDD to research the issue and provide additional substantiating documentation, or if AHCCCSA disagrees with DES/DDD's claim of AHCCCSA error. If a pended encounter being researched by AHCCCSA is later determined not to be caused by AHCCCSA error, DES/DDD may be sanctioned retroactively.

Before imposing sanctions, AHCCCSA will notify DES/DDD in writing of the total number of encounters pended more than 120 days.

Pended encounters shall not be deleted by DES/DDD as a means of avoiding sanctions for failure to correct encounters within 120 days. DES/DDD shall document deleted encounters and shall maintain a record of the deleted CRNs with appropriate reasons indicated. DES/DDD shall, upon request, make this documentation available to AHCCCSA for review.

Encounter Validation Studies

Per CMS requirement, AHCCCSA will conduct encounter validation studies of DES/DDD's encounter submissions, and sanction DES/DDD for noncompliance with encounter submission requirements. The purpose of encounter validation studies is to compare recorded utilization information from a medical record or other source with DES/DDD's submitted encounter data. Any and all covered services may be validated as part of these studies. Encounter validation studies will be conducted at least yearly.

AHCCCSA may revise study methodology, timelines, and sanction amounts based on agency review or as a result of consultations with CMS. DES/DDD will be notified in writing of any significant change in study methodology.

AHCCCSA will conduct two encounter validation studies. Study “A” examines non-institutional services (form HCFA 1500 encounters), and Study “B” examines institutional services (form UB-92 encounters).

AHCCCSA will notify DES/DDD in writing of the sanction amounts and of the selected data needed for encounter validation studies. DES/DDD will have 90 days to submit the requested data to AHCCCSA. In the case of medical records requests, DES/DDD’s failure to provide AHCCCSA with the records requested within 90 days may result in a sanction of \$1,000 per missing medical record. If AHCCCSA does not receive a sufficient number of medical records from DES/DDD to select a statistically valid sample for a study, DES/DDD may be sanctioned up to 5% of its annual capitation payment.

The criteria used in encounter validation studies may include timeliness, correctness, and omission of encounters. These criteria are defined as follows:

Timeliness: The time elapsed between the date of service and the date that the encounter is received at AHCCCS. Ninety-five percent of all encounters must be received by AHCCCSA no later than 240 days after the end of the month in which the service was rendered, or the effective date of enrollment with DES/DDD, whichever is later. For all encounters for which timeliness is evaluated, a sanction per encounter error extrapolated to the population of encounters may be assessed if the encounter record is received by AHCCCSA more than 240 days after the date determined above. It is anticipated that the sanction amount will be \$1.00 per error extrapolated to the population of encounters; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. DES/DDD will be notified of the sanction amount in effect for the studies at the time the studies begin.

Correctness: A correct encounter contains a complete and accurate description of AHCCCS covered services provided to a member. A sanction per encounter error extrapolated to the population of encounters may be assessed if the encounter is incomplete or incorrectly coded. It is anticipated that the sanction amount will be \$1.00 per error extrapolated to the population of encounters; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. DES/DDD will be notified of the sanction amount in effect for the studies at the time the studies begin.

Omission of data: An encounter not submitted to AHCCCSA or an encounter inappropriately deleted from AHCCCSA’s pending encounter file or historical files in lieu of correction of such record. For Study “A” and for Study “B”, a sanction per encounter error extrapolated to the population of encounters may be assessed for an omission. It is anticipated that the sanction amount will be \$5.00 per error extrapolated to the population of encounters for Study “A” and \$10.00 per error extrapolated to the population of encounters for Study “B”; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. DES/DDD will be notified of the sanction amount in effect for the studies at the time the studies begin.

For encounter validation studies, AHCCCSA will select all approved and pended encounters to be studied no earlier than 240 days after the end of the month in which the service was rendered. Once AHCCCSA has selected DES/DDD’s encounters for encounter validation studies, subsequent encounter submissions for the period being studied will not be considered.

AHCCCSA may review all of DES/DDD's submitted encounters, or may select a sample. The sample size, or number of encounters to be reviewed, will be determined using statistical methods in order to accurately estimate DES/DDD's error rates. Error rates will be calculated by dividing the number of errors found by the number of encounters reviewed. A 95% confidence interval will be used to account for limitations caused by sampling. The confidence interval shows the range within which the true error rate is estimated to be. If error rates are based on a sample, the error rate used for sanction purposes will be the lower limit of the confidence interval.

Encounter validation methodology and statistical formulas are provided in the *AHCCCS Encounter Data Validation Technical Document*, which is available in the Bidders Library. This document also provides examples which illustrate how AHCCCSA determines study sample sizes, error rates, confidence intervals, and sanction amounts.

Written preliminary results of all encounter validation studies will be sent to DES/DDD for review and comment. DES/DDD will have a maximum of 30 days to review results and provide AHCCCSA with additional documentation that would affect the final calculation of error rates and sanctions. AHCCCSA will examine DES/DDD's documentation and may revise study results if warranted. Written final results of the study will then be sent to DES/DDD and communicated to CMS, and any sanctions will be assessed.

DES/DDD may file a written challenge to sanctions assessed by AHCCCSA not more than 35 days after DES/DDD receives final study results from AHCCCSA. Challenges will be reviewed by AHCCCSA and a written decision will be rendered no later than 60 days from the date of receipt of a timely challenge. Sanctions shall not apply to encounter errors successfully challenged. A challenge must be filed on a timely basis and a decision must be rendered by AHCCCSA prior to filing a grievance pursuant to Article 8 of AHCCCS Rules. Sanction amounts will be deducted from DES/DDD's capitation payment.

Encounter Corrections

DES/DDD is required to submit adjusted or voided encounters in the event that claims are subsequently adjusted or denied after the initial encounter submission. This includes adjustments for inaccuracies identified by fraud and abuse audits or investigations conducted by AHCCCSA or DES/DDD. DES/DDD shall refer to the Encounter User's Manual for further instructions regarding adjustments to encounters.

ATTACHMENT D: CHART OF DELIVERABLES

BEHAVIORAL HEALTH

REPORT	DATE DUE	SEND TO:
Case file review sampling methodology and guide. (Section D, ¶79)	June 30	Behavioral Health Mgr. Division of Health Care Management (DHCM)

CLINICAL CONDITIONS

REPORT	DATE DUE	SEND TO:
Notification of potential non-transplant catastrophic reinsurance-covered members (Section D, ¶ 58)	Within 30 days of the start of the contract year, enrollment with the Program Contractor, and when newly diagnosed	Reinsurance Manager (DHCM)

CONTRACTS

REPORT	DATE DUE	SEND TO:
Initial contracts with AHCCCS and any amendments and renewals (Section E, ¶31)	Within 60 days of receipt from AHCCCS	Contracts & Purchasing Administrator (DBF)
Request to assign any right or delegate any duty(Section E, ¶7)	Approval required prior to assignment	Contracts & Purchasing Administrator (DBF)
Subcontracts for: <ul style="list-style-type: none"> • Automated Data Processing • Third Party Administrators • Management Services • Capitated or other risk subcontracts requiring claims processing by the subcontractors(Section D, ¶33) 	30 days prior to start date	Contracts & Purchasing Administrator (DBF)
Advertisements or published information for commercial benefit (Section E, ¶11)	Prior approval required	Contracts & Purchasing Administrator (DBF)
Management Services subcontractor audit(Section D, ¶43)	Within 120 days after subcontractors fiscal year end	Contracts & Purchasing Administrator (DBF)

ENCOUNTERS

REPORT	DATE DUE	SEND TO:
Encounter Data (Section D, ¶74 and (Section F, Attachment C)	As required in AHCCCS Encounter Manual	Encounter Unit (DHCM)
Encounter Data Validation Studies (Section D, ¶74 and (Section F, Attachment C)	Annually as requested	Encounter Unit (DHCM)

EXECUTIVE MANAGEMENT

REPORT	DATE DUE	SEND TO:
Cultural Competency Annual Evaluation (Section D, ¶69)	November 15	ALTCS Unit (DHCM)
Network Development and Management Plan (Section D, ¶28)	November 15	ALTCS Unit (DHCM)
Resignation and addition of any key staff (Section D, ¶25)	Within 7 days of learning of resignation	ALTCS Unit (DHCM)
All physician incentive agreements (Section D, ¶39)	Upon signing of agreement	ALTCS Financial Manager (DHCM)
Physician Incentive Plan (PIP) reporting (Section D, ¶39)	Annually by October 1 st of each contract year	ALTCS Financial Manager (DHCM)
Changes to Fraud and Abuse Plan (Section D, ¶70)	When changes are made, prior to distribution	Office of Program Integrity (OPI)
All incidents of suspected fraud and abuse (Section D, ¶70)	Upon learning of the incident	As directed in AHCCCS Fraud and Abuse Policy
Modifications of Operational & Financial Review Corrective Action Plan (Section D, ¶79)	Prior to implementation of modification	ALTCS Unit (DHCM)
Proposed merger, reorganization or ownership change (Section D, ¶54)	Prior approval required	ALTCS Unit (DHCM)
Related party subcontracts (Section D, ¶55)	Prior approval required	ALTCS Unit (DHCM)
Report of all subcontracts which delegate duties and responsibilities (Section D, , ¶ 33)	Annually 90 days after start of contract	ALTCS Unit (DHCM)

FINANCE

REPORT	DATE DUE	SEND TO:
Monthly Financial statement (not including months that are also a quarter end) in DES/DDD standard format (Section D, ¶75)	30 days after month end	ALTCS Financial Coordinator (DHCM)
Monthly Claims Processing Metric Report (Section D, ¶44)	15 days after month end	ALTCS Financial Coordinator. (DHCM)
Quarterly Financial Statement (Section D, ¶75)	60 days after quarter end	ALTCS Financial Coordinator. (DHCM)
FQHC Member Month Information (Section D, ¶75)	60 days after quarter end	ALTCS Financial Coordinator. (DHCM)
HIV-AIDS Report (Section D, ¶75)	60 days after quarter end	ALTCS Financial Coordinator (DHCM)

Draft Audited Financial Statement (Section D, ¶75)	90 days after year end	ALTCS Financial Coordinator. (DHCM)
Draft Management Letter (Section D, ¶75)	90 days after year end	ALTCS Financial Coordinator. (DHCM)
Annual Submission of Budget (Section D, ¶75)	July 31	ALTCS Financial Coordinator. (DHCM)
Final Audited Financial Statement (Section D, ¶75)	120 days after year end	ALTCS Financial Coordinator. (DHCM)
Final Management Letter (Section D, ¶75)	120 days after year end	ALTCS Financial Coordinator. (DHCM)
Annual Disclosure Statement (Section D, ¶75)	120 days after year end	ALTCS Financial Coordinator. (DHCM)
Annual Reconciliation (Section D, ¶75)	120 days after year end	ALTCS Financial Coordinator. (DHCM)
Advances, Distributions, Loans (Section D, ¶50)	Prior approval required	ALTCS Financial Coordinator. (DHCM)
Claims recoupments exceeding \$50,000 per provider within a contract year (Section D, ¶44)	Prior approval required	ALTCS Financial Coordinator. (DHCM)
Reinsurance claims (Section D, ¶58)	Within 12 months from the date of service	As per AHCCCS Reinsurance Manual
Corporate cost allocation plans, adjustment in management fees, fund distributions affecting equity (Section D, ¶49 & 50)	Prior approval required	ALTCS Financial Coordinator. (DHCM)
Summary of contract rates for long term care and home and community based services (See Financial Reporting Guide for format)	December 1	ALTCS Financial Coordinator. (DHCM)
Plan for receiving and paying 30% of claims electronically if July 2005 will not be met. (Section D, ¶44)	April 1	ALTCS Financial Coordinator. (DHCM)

GRIEVANCE AND REQUEST FOR HEARINGS

REPORT	DATE DUE	SEND TO:
Quarterly Grievance System Report (Section D, ¶23)	45 days after the end of each quarter	Division of Health Care Management (DHCM)
Enrollee Grievance Report (Section D, ¶23)	45 days after the end of each quarter	Division of Health Care Management (DHCM)
Request for Hearing Files (Section F, ¶Attachment B)	5 business days from the date appeal is received	Office of Legal Assistance

MEMBER SERVICES/CASE MANAGEMENT

REPORT	DATE DUE	SEND TO:
All Member Informational Materials (Newsletters, Brochures, etc.) (Section D, ¶17)	Prior to Distribution	ALTCS Unit (DHCM)
Annual Member Survey (Section D, ¶ 66)	Prior to Distribution	ALTCS Unit (DHCM)
Annual Member Survey results analysis and improvement strategies (Section D, ¶ 66)	Upon completion	ALTCS Unit (DHCM)
Member Handbook (Section D, ¶ 17)	Upon any changes.	ALTCS Unit

	Prior to Distribution	(DHCM)
Institutional placement outside the state (Section D, ¶14)	Prior approval required	ALTCS Unit (DHCM)
Changes or corrections to member's circumstances (income, living arrangements, TPL, services, etc.) (Section D, ¶18)	ALTCS member change report Form (DE-701) requirements	Division of Member Services or local ALTCS Office
Case Management Plan (Section D, ¶16)	November 15	ALTCS Case Management Manager (DHCM)
Targeted Case Management Plan (Attachment E)	November 15	ALTCS Case Management Manager (DHCM)
Case management internal monitoring process, results, and continuous improvement strategies (Section D, ¶16)	As requested	ALTCS Case Management Manager (DHCM)

NETWORK MANAGEMENT

REPORT	DATE DUE	SEND TO:
Network Summary (Section D, ¶32)	10/15, 5/15	ALTCS Unit (DHCM)
All material changes in provider network (Section D, ¶29)	In advance of the change	ALTCS Unit (DHCM)
Unexpected major network changes (Section D, ¶29)	Within 1 day of change	ALTCS Unit (DHCM)
Provider who refuses to sign a contract (if providing more than 25 services in the contract year) (Section D, ¶33)	Document refusal within 7 days of final attempt to gain contract	ALTCS Unit (DHCM)

THIRD PARTY LIABILITY

REPORT	DATE DUE	SEND TO:
Report the following cases of Third Party Liability (Section D, ¶63): <ul style="list-style-type: none"> • Uninsured/underinsured motorist insurance • First and third-party liability insurance • Tortfeasors, including casualty • Trust recovery • Adoption recovery • Estate recovery • Worker's Compensation 	Upon Identification	AHCCCS TPL Subcontractor
Report all joint liability cases (Section D, ¶63)	Within 5 days of identification	AHCCCS TPL Subcontractor

QM/UM

REPORT	DATE DUE	SEND TO
QM/UM Plan and QM/UM Evaluation (Section D, ¶20)	December 15	Clinical Quality Management Unit (DHCM)
Quarterly Inpatient Hospital Showings (Section D, ¶20)	15 days after the end of each quarter. (15th of Jan., Apr., July & Oct.)	CQM Administrator (DHCM)
Maternity Care Plan (Section D, ¶20)	December 15	Clinical Quality Management Unit (DHCM)
Comprehensive EPSDT Plan including dental (Section D, ¶20)	December 15	Clinical Quality Management Unit (DHCM)
Monthly Pregnancy Termination Report (Section D, ¶20)	End of the month following pregnancy termination.	Clinical Quality Management Unit (DHCM)
Quarterly EPSDT Progress Report including Dental (Section D, ¶20)	40 days after the end of each quarter	Clinical Quality Management Unit (DHCM)
Semi-annual report of number of pregnant women who are HIV/AIDS positive (Section D, ¶10 - Maternity)	30 days after the end of the 2 nd and 4 th quarter of each contract year	Clinical Quality Management Unit (DHCM)
HIV Specialty Provider List (AMPM Chapter 300)	December 15	Clinical Quality Management Unit (DHCM)
Performance Improvement Project Proposal (initial/baseline year project) (Section D, ¶20)	December 15	Clinical Quality Management Unit (DHCM)
Performance Remeasurement Report (Section D, ¶20)	December 15	Clinical Quality Management Unit (DHCM)
Performance Improvement Project Final Report (Section D, ¶20)	Within 180 days of the end of the project, as defined in the project proposal approved by AHCCCS OMM	Clinical Quality Management Unit (DHCM)
Non-Transplant Catastrophic Reinsurance covered Diseases (Section D, ¶58)	Annually within 30 days of the beginning of the contract year, enrollment to the plan, and when newly diagnosed	EPARS Reinsurance Unit (DHCM)
QM Quarterly Report (Section D, ¶20)	45 days after end of each quarter	Clinical Quality Management Unit (DHCM)
UM Quarterly Report (Section D, ¶20)	45 days after the end of each quarter	Clinical Quality Management Unit (DHCM)

ATTACHMENT E: TARGETED CASE MANAGEMENT

DES/DDD shall provide targeted case management services for DES/DDD clients who are financially eligible for the Title XIX and Title XXI acute care program but who do not meet the functional eligibility requirements of the ALTCS program. The non-ALTCS DES/DDD recipients who become eligible for case management services under this amendment are entitled to case management services but must receive their acute care services through the AHCCCS health plans. Recipients shall have a choice of case managers available from DES/DDD. Recipients may refuse case management services however, this will result in disenrollment from targeted case management..

1. TARGETED CASE MANAGEMENT SERVICES FOR NON-ALTCS RECIPIENTS

The case management responsibilities as described in Chapter 1600, Section 1640 of the *AHCCCS Medical Policy Manual* shall apply to DES/DDD recipients enrolled with an AHCCCS acute care contractor (non-ALTCS members). DES/DDD shall submit, annually, with their ALTCS Case Management Plan to AHCCCSA a written plan describing the implementation and monitoring of Targeted Case Management.

“Case manager” means a person who is either a degreed social worker, licensed registered nurse, or one with a minimum of two years experience in providing case management services to persons who are elderly and/or persons with physical or developmental disabilities. DES/DDD shall ensure adequate staffing to meet case management requirements. If case management staffing is not adequate to meet the needs of the recipients, DES/DDD shall develop and implement a corrective action plan, approved in advance by AHCCCSA, to address caseload sizes. Staffing must be sufficient to cover case manager absenteeism and turnover. AHCCCSA will review caseload sizes during the annual Case Management Services Review.

DES/DDD shall implement a systematic method of monitoring its case management program. This internal monitoring shall be conducted at least quarterly by DES/DDD. DES/DDD shall aggregate and analyze the results and describe the continuous improvement strategies it has taken to resolve identified deficiencies. This information shall be made available upon request by AHCCCS.

2. PAYMENT

Payment to DES/DDD for targeted case management services must not duplicate payments made to public agencies or private entities under other program for this same purpose and will be made by AHCCCSA on a capitated basis as a pass through of federal funds received by AHCCCSA.

Subject to the availability of funds, AHCCCSA will make payments to DES/DDD in accordance with the terms of this amendment provided that DES/DDD’s performance is in compliance with the terms and conditions of this amendment.

DES/DDD will be paid monthly on a capitated basis. This payment will be based on the number of recipients matched as of the first of each month. The capitation payment will be made no later than 10 business days after receipt of the DES/DDD data transmission.

To determine the number of recipients, DES/DDD will submit data to AHCCCSA, by the 10th working day of each month, using CONNECT, which is a direct process to transmit the match file. The data will be processed through a series of edits designed to match Social Security Number, name, sex, and date of birth. If the DES/DDD client passes through the match criteria, then the client’s enrollment and eligibility will be verified. Only currently eligible and enrolled clients will be reported as matched. AHCCCSA will only pay for targeted case management services for those clients considered matched on the monthly transmission.

Recipient records reported by DES/DDD that do not result in a match will be identified on a “potential match” report. This report will be sent to DES/DDD for further research. DES/DDD will not be paid for clients considered a potential match. Resubmitted records which result in a match will be paid as of the first of the month in which the match was made.

Where payments are made by electronic funds transfer, AHCCCSA shall not be liable for any error or delay in transfer nor indirect or consequential damages arising from the use of the electronic funds transfer process. Any charges or expenses imposed by the bank for transfers or related actions shall be borne by DES/DDD. All funds received by DES/DDD pursuant to this contract shall be separately accounted for in accordance with generally accepted accounting principles.

3. ON-SITE REVIEWS

In accordance with AHCCCS Rule 9 A.A.C 28, Article 5, AHCCCSA will conduct an operational review of targeted case management services every year for the purpose of, but not limited to, ensuring program compliance. The type and duration of the review will be solely at the discretion of AHCCCSA and will include, but not be limited to, Case Management Services Review. The reviews will identify areas where improvements can be made and make recommendations accordingly, monitor DES/DDD's progress towards implementing mandated programs and provide DES/DDD with technical assistance if necessary. Except in cases where advance notice is not possible or advance notice may render the review less useful, AHCCCSA will give DES/DDD at least four weeks advance notice of the date of the on-site review. AHCCCSA may conduct a review in the event DES/DDD undergoes a reorganization or makes changes in three or more key staff positions within a 12-month period.

In preparation for the reviews, DES/DDD shall cooperate fully with AHCCCSA and the AHCCCSA Review Team by forwarding in advance materials that AHCCCSA may request. Any documents not requested in advance by AHCCCSA shall be made available upon request of the Review Team during the course of the review. DES/DDD personnel as identified in advance shall be available to the Review Team at all times during AHCCCSA on-site review activities. While on-site, DES/DDD shall provide the Review Team with workspace, access to a telephone, electrical outlets and privacy for conferences.

DES/DDD will be furnished a draft copy of the Review Report and given an opportunity to comment on any review findings prior to AHCCCSA finalizing the report. Where there are outstanding deficiencies, DES/DDD may be required to submit a corrective action plan without the opportunity to comment on the draft report.

Recommendations made by the Review Team to bring DES/DDD into compliance with federal, state, AHCCCS, and/or RFP requirements, must be implemented by DES/DDD. AHCCCSA may conduct a follow-up review or require a corrective action plan to determine DES/DDD's progress in implementing recommendations and achieving program compliance. Follow-up reviews may be conducted at any time after the initial review.

DES/DDD shall submit a corrective action plan to improve areas of non-compliance identified in the review. Once the corrective action plan is approved by AHCCCSA, it shall be implemented by DES/DDD. Modifications to the corrective action plan must be agreed to by both parties.

4. ANNUAL SUBMISSION OF BUDGET

DES/DDD shall submit to AHCCCSA, by July 31st of each year, an estimate of the costs of providing targeted case management services pursuant to this contract. The cost estimates must be fully supported by documentation stating the nature of the costs and the methods and data used to develop the estimates.

If at any time during the term of this contract DES/DDD determines that its funding is insufficient, it shall notify AHCCCSA in writing and shall include in the notification recommendations on resolving the shortage.

AHCCCSA, with DES/DDD, may request additional money from the Governor's Office of Strategic Planning and Budgeting.

Requests for FFP: Requests for federal financial participation (FFP) from DES/DDD and the pass through of these funds to DES/DDD from AHCCCSA shall both adhere to the mandatory Cash Management Improvement Act (CMIA) of 1990 as established by the General Accounting Office of the Arizona Department of Administration (GAO/ADDA).

5. SANCTIONS

If DES/DDD violates any provision stated in law, AHCCCS Rules, AHCCCS policies and procedures, or this contract, AHCCCSA may impose sanctions in accordance with the provisions of this contract, applicable law and regulations. Written notice will be provided to DES/DDD specifying the sanction to be imposed, the grounds for such sanction and the amount of payment to be withheld.